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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)

INSIDE INFORMATION ANNOUNCEMENT

PLAN FOR THE NON-PUBLIC ISSUANCE OF SHARES BY A SUBSIDIARY

This announcement is made by the Company in accordance with Rule 13.09 (2) of the Listing Rules and the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

The Board of the Company announced that, on 2 September 2020, the resolution on the plan for the non-public issuance of A shares by Jin Jiang Hotels, a subsidiary of the Company, was considered and approved at the 29th Meeting of the ninth session of the Board of Jin Jiang Hotels and the 12th meeting of the fifth session of the Board of the Company. According to the plan for the Non-public Issuance, Jin Jiang Hotels has proposed to issue not more than 150,000,000 A shares to raise gross proceeds of not more than RMB5 billion.

As at the date of this announcement, the exact subscribers for the Jin Jiang Hotels Issuance are yet to be confirmed, and disclosure will be made in the issuance report to be published following the completion of the Jin Jiang Hotels Issuance, as to whether related party transactions have been constituted as a result of related parties subscribing for the shares of the Jin Jiang Hotels Non-public Issuance. The Company will also comply with all provisions applicable to connected transactions under Chapter 14A of the Listing Rules in a timely manner based on the conditions of the subscribers, if necessary.

The plan for the Non-public Issuance is subject to the approval from the state-owned assets supervision and administration institution (or state-funded enterprise), consideration and approval at the general meeting of Jin Jiang Hotels and the approval from CSRC and is therefore subject to uncertainties. Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company. The Company will fulfill its obligations in information disclosure in a timely manner based on the progress of the Jin Jiang Hotels Issuance in accordance with the provisions of the Listing Rules.

I. INTRODUCTION

The Board of the Company announced that, on 2 September 2020, the resolution of the plan for the non-public issuance of A shares by Jin Jiang Hotels, a subsidiary of the Company, was considered and approved at the 29th Meeting of the ninth sessions of the Board of Jin Jiang Hotels and the 12th meeting of the fifth session of the Board of the Company. According to the plan for the Non-public Issuance, Jin Jiang Hotels has proposed to issue not more than 150,000,000 A shares to raise gross proceeds of not more than RMB5 billion.

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II. PLAN FOR THE NON-PUBLIC ISSUANCE

(I) Class and nominal value of shares to be issued

The shares to be issued under the Jin Jiang Hotels Issuance are domestic-listed RMB ordinary shares (A shares) with a nominal value of RMB1.00 per share.

(II) Method and timing of issuance

The Jin Jiang Hotels Non-public Issuance will be conducted entirely by way of non-public issuance to specific subscribers. Jin Jiang Hotels will conduct the issuance at an opportune timing during the validity period approved by CSRC.

(III) Subscribers

The Jin Jiang Hotels Issuance will be a non-public issuance targeted at specific subscribers. The subscribers will not exceed 35 specific investors, which will include securities investment and fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified foreign institutional investors and other qualified investors and natural persons that meet specific requirements. A securities investment and fund management company, securities company, qualified foreign institutional investor or RMB qualified foreign institutional investor subscribing through two or more funds under its management shall be deemed as one single subscriber. A trust investment company, as a subscriber, can only subscribe with its self-owned funds.

The final list of subscribers shall be determined by the Board of Jin Jiang Hotels under the mandate granted by the general meeting of Jin Jiang Hotels in consultation with the sponsor (lead underwriter) of the Issuance based on the outcome of price bidding in accordance with pertinent provisions of the CSRC and conditions prescribed in the issuance plan after receiving approval documents from CSRC. In the event of any new provisions in respect of the subscribers for the non-public issuance of shares under national laws and regulations, Jin Jiang Hotels will make adjustments in accordance with the new provisions.

All subscribers shall subscribe for shares under the Jin Jiang Hotels Non-public Issuance at the same price in cash.

(IV) Issue price and pricing method

The pricing benchmark date of the Jin Jiang Hotels Non-public Issuance is the day on which the period of issuance of shares under the Non-public Issuance commences.

Pricing principle: the issue price shall be not lower than 80% of the average trading price of the A shares of Jin Jiang Hotels for the 20 trading days immediately before the pricing benchmark date.

Average trading price of shares for the 20 trading days immediately before the pricing benchmark date = total amount of shares traded for the 20 trading days immediately before the pricing benchmark date/total volume of shares traded for the 20 trading days immediately before the pricing benchmark date.

In the event of any ex-rights or ex-dividend actions for shares of Jin Jiang Hotels during the period from the pricing benchmark date to the issuance date such as dividend distribution, bonus share issue, share capital conversion, issuance of new shares or share placing, the bottom issue price shall be adjusted accordingly.

The formula for adjustment is as follows:

Payment of cash dividend: $P1 = P0 - D$

Bonus share issue or share capital conversion: $P1 = P0 / (1 + N)$

Cash dividend together with bonus share issue or share capital conversion: $P1 = (P0 - D) / (1 + N)$

Of which: P0 stands for the bottom issue price prior to the adjustment, D stands for cash dividend per share, N stands for the number of bonus shares issued for each share or the number of shares increased under the share capital conversion for each share, and P1 stands for the adjusted bottom issue price.

The exact issue price shall be determined by the Board of Jin Jiang Hotels under the mandate granted by the general meeting of Jin Jiang Hotels in consultation with the sponsor (lead underwriter) based on the outcome of price bidding after the Issuance has been approved by CSRC.

In the event of any new provisions in respect of the pricing benchmark date and the issue price of the non-public issuance of shares under pertinent laws or regulations and regulatory documents, the Board of Jin Jiang Hotels will make adjustments in accordance with the new provisions under the mandate granted by the general meeting of Jin Jiang Hotels.

(V) Issuance volume

The number of shares to be issued under the Non-public Issuance will be determined by dividing the total amount of gross proceeds by the issue price, subject to a maximum of 150,000,000 shares (namely, not more than 30% of the total share capital of Jin Jiang Hotels prior to the Non-public Issuance) to be issued under the Non-public Issuance and to the approval documents issued by CSRC in relation to the Issuance. Subject to the aforesaid range, the final issuance volume shall be determined by the Board of Jin Jiang Hotels under the mandate granted by the general meeting of Jin Jiang Hotels in consultation with the sponsor (lead underwriter) in accordance with pertinent provisions of CSRC and based on the actual subscription condition.

In the event of any ex-rights or ex-dividend actions for shares of Jin Jiang Hotels during the period from the date of announcement of the resolution by the Board of Jin Jiang Hotels on the Issuance to the issuance date, the volume of shares under the Non-public Issuance shall be adjusted accordingly.

In the event that the total number of shares under the Non-public Issuance is to be adjusted in accordance with changes in regulatory policies or requirements of the approval documents for the issuance, the number of shares under the Non-public Issuance will be adjusted accordingly.

(VI) Arrangements for lock-up periods

Shares subscribed by the subscribers under the Non-public Issuance shall not be listed for trading within six months from the date of completion of the issuance. If there are other provisions under laws and regulations on lock-up periods, such provisions shall prevail. If shares acquired by the subscribers of the Jin Jiang Hotels Issuance derive extra shares due to distribution of shares or dividends or capitalization of capital reserve by Jin Jiang Hotels, such extra shares shall also be subject to the aforesaid lock-up arrangement. Upon conclusion of the lock-up period, trading of such shares shall follow the applicable provisions of CSRC and Shanghai Stock Exchange.

(VII) Amount and Use of Proceeds

The total amount of proceeds from the Jin Jiang Hotels Issuance will not exceed RMB5 billion. Net proceeds after the deduction of issue expenses shall be applied in full in the following projects:

Unit: RMB0'000

No.	Name of investment project	Total investment amount	Proposed use of proceeds
1	Hotel refurbishment and upgrade projects	373,458.20	350,000.00
2	Repayment of loans from financial institutions	150,000.00	150,000.00
	Total	523,458.20	500,000.00

To ensure the smooth implementation of projects to be funded by the proceeds and to safeguard the interests of all shareholders of Jin Jiang Hotels, prior to the receipt of the proceeds from the Non-public Issuance, Jin Jiang Hotels may utilise its self-raised funds to advance investments in the projects to be funded by proceeds based on the progress of implementation of such projects, and replace such funds in accordance with the provisions of relevant regulations after receipt of the proceeds. If the actual amount of proceeds from the Non-public Issuance net of issue expenses falls short of the total amount of proceeds proposed to be invested in the aforesaid projects, the shortfall will be met by the self-raised funds of Jin Jiang Hotels.

(VIII) Place of listing

The shares under the Jin Jiang Hotels Non-public Issuance will be listed and traded on the Shanghai Stock Exchange.

(IX) Arrangements for retained undistributed profit

The retained undistributed profit of Jin Jiang Hotels prior to the Issuance shall be shared among its existing and new shareholders in proportion to their shareholding percentage upon completion of the Non-public Issuance.

(X) Validity period of the resolution

The resolution on the Non-public Issuance shall remain valid for a period of 12 months from the date on which the resolution is considered and approved at the general meeting of Jin Jiang Hotels.

III. RISK ALERT

The plan for the Non-public Issuance is subject to the approval from the state-owned assets supervision and administration institution (or state-funded enterprise), consideration and approval at the general meeting of Jin Jiang Hotels and the approval from CSRC and is therefore subject to uncertainties. Shareholders of the Company and potential investors are advised to exercise caution when dealing in shares of the Company. The Company will fulfill its obligations in information disclosure in a timely manner based on the progress of the Jin Jiang Hotels Issuance in accordance with the provisions of the Listing Rules.

Other details of the Jin Jiang Hotels Non-public Issuance can be found on the website of Shanghai Stock Exchange (www.sse.com.cn).

IV. DEFINITIONS

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

“Board of Jin Jiang Hotels”	the board of directors of Jin Jiang Hotels
“Board of the Company”	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
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“Hong Kong”	the Hong Kong Special Administrative 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 50.32% subsidiary of the Company as at the date of this announcement and a joint stock company listed on the Shanghai Stock Exchange (stock codes: A share: 600754; B share: 900934)

“Jin Jiang Hotels Issuance”, “Issuance”, “Non-public Issuance” or “Jin Jiang Hotels Non-public Issuance”	Non-public issuance of A shares by Jin Jiang Hotels
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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, 2 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**”.*