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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

TRANSFER OF 10% EQUITY INTERESTS IN HUBS1 BY THE COMPANY

The Board announces that, on 5 April 2017, the Company and Jin Jiang Capital (as transferors) and WeHotel (as transferee) entered into the Asset and Equity Transaction Contract in respect of the transfer of 100% equity interests in Hubs1, pursuant to which the Company and Jin Jiang Capital have agreed to transfer 100% equity interests in Hubs1 held by them to WeHotel for a total consideration of RMB553,080,000, comprising 10% equity interests in Hubs1 held by the Company for a consideration of RMB55,308,000 and 90% equity interests in Hubs1 held by Jin Jiang Capital for a consideration of RMB497,772,000.

As at the date of this announcement, WeHotel is an associate of Jin Jiang International, the controlling shareholder of the Company, by virtue of the direct holding of 45% equity interests in WeHotel by Jin Jiang Capital, a wholly-owned subsidiary of Jin Jiang International. Therefore, WeHotel is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transfer of 10% equity interests in Hubs1 by the Company to WeHotel 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 exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. INTRODUCTION

The Board announces that, on 5 April 2017, the Company and Jin Jiang Capital (as transferors) and WeHotel (as transferee) entered into the Asset and Equity Transaction Contract in respect of the transfer of 100% equity interests in Hubs1, pursuant to which the Company and Jin Jiang Capital have agreed to transfer 100% equity interests in Hubs1 held by them to WeHotel for a total consideration of RMB553,080,000, comprising 10% equity interests in Hubs1 held by the Company for a consideration of RMB55,308,000 and 90% equity interests in Hubs1 held by Jin Jiang Capital for a consideration of RMB497,772,000.

II. ASSET AND EQUITY TRANSACTION CONTRACT

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

- Date:** 5 April 2017
- Parties:** (1) the Company and Jin Jiang Capital (as transferors)
(2) WeHotel (as transferee)
- Subject of transaction:** The Company and Jin Jiang Capital have agreed to transfer 100% equity interests in Hubs1 held by them to WeHotel, comprising 10% equity interests in Hubs1 held by the Company and 90% equity interests in Hubs1 held by Jin Jiang Capital.
- Consideration:** The total consideration for the transfer of equity interests is RMB553,080,000, comprising a consideration of RMB55,308,000 for 10% equity interests in Hubs1 held by the Company and a consideration of RMB497,772,000 for 90% equity interests in Hubs1 held by Jin Jiang Capital.
- The consideration has been determined by the parties through arm's length negotiations based on normal commercial terms, with reference to the business plans and performance of Hubs1.
- Payment:** WeHotel shall deposit the amounts payable for the transfer of equity interests to the respective accounts designated by the Company and Jin Jiang Capital in one-off payments within 5 days after the issuance of a transaction certificate by the Shanghai United Assets and Equity Exchange in respect of the transfer of equity interests.
- Effectiveness of the contract:** This contract shall become effective upon execution with seals affixed by the parties, the certified asset broker and the asset brokers' organisation, together with the issuance of an asset transaction certificate by the Shanghai United Assets and Equity Exchange upon examination endorsed by seal.

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

The acquisition of equity interests in Hubs1 by WeHotel will be conducive to the long-term development of WeHotel. As the shareholder of WeHotel, the Company will also benefit from such development. Following the transfer of equity interests, the Group will also receive considerable investment gains and cash flow.

The Company expects to recognise a gain of approximately RMB55,308,000 from the transaction under the Asset and Equity Transaction Contract, which has been calculated on the basis of proceeds received for the transfer of equity interests taking into account the Company's book investment cost for holding such equity interests.

The Company proposes to use the proceeds generated from the disposal to supplement the working capital of the Company.

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.

The Directors, namely, Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming and Mr. Zhang Qian, are deemed to have material interests in the Asset and Equity Transaction Contract and have therefore abstained from voting in respect of the relevant Board resolution. Save for the aforesaid, none of the other Directors has a material interest in the transactions or is required to abstain from voting in respect of the relevant Board resolution.

IV. INFORMATION ON THE PARTIES

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.

Jin Jiang Capital

Jin Jiang Capital is principally engaged in investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting, asset management and storage services (excluding storage of hazardous items). Jin Jiang Capital is a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company, and thus a connected person of the Company.

WeHotel

WeHotel, i.e. Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司), is a limited liability company incorporated in the PRC, principally engaged in technological development, consultation, services, e-commerce and other related businesses in the network technology and IT sectors, which help to facilitate the Group's resource integration, capacity expansion and upgrade for the creation of a shared economic platform based on the Mobile Internet.

V. INFORMATION ON HUBS1

Hubs1 is principally engaged in development and production of computer software and sales of proprietary products; development and design of computer network technologies and provision of related technical consultation, technical services and technology transfer; tourist information consulting.

The audited net asset value of Hubs1 as at 31 December 2016 was RMB-99,577,627.42. For the financial year ended 31 December 2016, the audited net loss (both before and after taxation) of Hubs1 amounted to RMB48,562,632.52. For the financial year ended 31 December 2015, the audited net loss (both before and after taxation) of Hubs1 amounted to RMB13,610,476.80. All audited financial information relating to Hubs1 disclosed in this announcement has been prepared in accordance with the China Accounting Standards for Business Enterprises.

VI. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, WeHotel is an associate of Jin Jiang International, the controlling shareholder of the Company, by virtue of the direct holding of 45% equity interests in WeHotel by Jin Jiang Capital, a wholly-owned subsidiary of Jin Jiang International. Therefore, WeHotel is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transfer of 10% equity interests in Hubs1 by the Company to WeHotel 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 exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements, but is 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:

“Asset and Equity Transaction Contract”	the Shanghai Asset and Equity Transaction Contract entered into between the Company and Jin Jiang Capital (as transferors) and WeHotel (as transferee) on 5 April 2017 in respect of the transfer of 100% equity interests in Hubs1
“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 thereto 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
“Hubs1”	Hubs1 Interactive (Shanghai) Co., Ltd. (匯通百達網絡科技(上海)有限公司), a limited liability company incorporated in the PRC, whose equity interests are held 90% by Jin Jiang Capital and 10% by the Company as at the date of this announcement
“Jin Jiang Capital”	Shanghai Jin Jiang Capital Management Company Limited (上海錦江資本管理有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company

“Jin Jiang International”	Jin Jiang International Holdings Company Limited (錦江國際(集團)有限公司), the controlling shareholder of the Company owning 75% interests in the issued share capital of the Company as at the date of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“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
“%”	per cent

By Order of the Board
Shanghai Jin Jiang International Hotels (Group) Company Limited*
Kang Ming
Executive Director and Joint Company Secretary

Shanghai, the PRC, 5 April 2017

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Zhang Qian, Mr. Han Min and Mr. Kang Ming, 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**”.*