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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**  
**DISCLOSEABLE TRANSACTION**  
**TRANSACTION RELATING TO LAND GRANT PROCEDURES**  
**UNDERTAKEN BY YANGTZE HOTEL**

On 13 October 2017, Yangtze Hotel, a non wholly-owned subsidiary of the Company, and Hongqiao United entered into the “Contract of Compensation for Land Use Right Allotment Interests”, pursuant to which Yangtze Hotel shall make a monetary compensation for land use right allotment interests in relation to Land Parcel No. 23 owned by Hongqiao United, and Hongqiao United shall transfer the rights and obligations pertaining to the land use right allotment for Land Parcel No. 23 to Yangtze Hotel in accordance with relevant government policies and requirements on use of land. In connection therewith, Yangtze Hotel shall make a payment of approximately RMB937.40 million to Hongqiao United as compensation for land use right allotment interests in accordance with the “Contract of Compensation for Land Use Right Allotment Interests”.

As the highest applicable percentage ratio in relation to the transaction for the acquisition of land use right exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**I. INTRODUCTION**

Yangtze Hotel was previously a Chinese-foreign equity joint venture. The Company, Hongqiao United and Renhe Investment were Chinese shareholders, while Renful Investment and Wintime Development were foreign shareholders. The Company previously held 40% equity interests in Yangtze Hotel.

In order for Yangtze Hotel to meet the qualifications for undertaking land grant procedures in relation to Land Parcel No. 23 where it operates, the Chinese shareholders of Yangtze Hotel jointly acquired 30% equity interests in Yangtze Hotel held in aggregate by the foreign shareholders. Following the completion of the acquisition of equity interests held by the foreign shareholders, the Company and Hongqiao United jointly acquired approximately 14.29% equity interests in Yangtze Hotel held by Renhe Investment. As at the date of this announcement, registration of change with the industrial and commercial authorities in relation to the acquisition of equity interests held by Renhe Investment has been completed. Currently, the Company holds approximately 66.67% equity interests in Yangtze Hotel, while Hongqiao United holds approximately 33.33% equity interests in Yangtze Hotel.

The highest applicable percentage ratio in relation to each of the two aforesaid acquisitions of equity interests is less than 5%. Therefore, neither of such acquisitions constitutes a notifiable transaction under Chapter 14 of the Listing Rules.

### **Undertaking land grant procedures**

To ensure ongoing use of Land Parcel No. 23 and ongoing effective operation of Yangtze Hotel, Yangtze Hotel will enter into a “Land Grant Contract” with Changning Planning and Land Bureau following the execution of the “Contract of Compensation for Land Use Right Allotment Interests” by Yangtze Hotel and Hongqiao United, the latter of which is the owner of allotted interests in Land Parcel No. 23.

Based on the preliminary valuation of Land Parcel No. 23 carried out by the appraiser appointed by Changning Planning and Land Bureau, the total land premium required to be paid by Yangtze Hotel for processing the transfer of Land Parcel No. 23 is approximately RMB1,371.16 million, comprising approximately RMB433.76 million to be paid to Changning Planning and Land Bureau as land premium and approximately RMB937.40 million to be paid to Hongqiao United as compensation for allotted land interests.

As the highest applicable percentage ratio in relation to the transaction for the acquisition of land use right exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## II. CONTRACT OF COMPENSATION FOR LAND USE RIGHT ALLOTMENT INTERESTS

On 13 October 2017, Yangtze Hotel, a non wholly-owned subsidiary of the Company and Hongqiao United entered into the “Contract of Compensation for Land Use Right Allotment Interests”, pursuant to which Yangtze Hotel shall make a monetary compensation for land use right allotment interests in relation to Land Parcel No. 23 owned by Hongqiao United, and Hongqiao United shall transfer the rights and obligations pertaining to the land use right allotment for Land Parcel No. 23 to Yangtze Hotel in accordance with relevant government policies and requirements on use of land. In connection therewith, Yangtze Hotel shall make a payment of approximately RMB937.40 million to Hongqiao United as compensation for land use right allotment interests in accordance with the “Contract of Compensation for Land Use Right Allotment Interests”.

The key terms of the “Contract of Compensation for Land Use Right Allotment Interests” are set out as follows:

- Date: 13 October 2017
- Parties: Yangtze Hotel; and  
Hongqiao United
- Subject assets: Land Parcel No. 23, namely, the state-owned land parcel No. 23 in Hongqiao Economic and Technological Development Zone, No. 2099 Yan’an West Road, Changning District, Shanghai with a site area of approximately 15,855 square metres (the finalised area to be transferred is subject to the result of on-site measuring)
- Consideration: The two parties agree after negotiations that Yangtze Hotel shall settle in full the compensation for land use right allotment interests in relation to Land Parcel No. 23 payable to Hongqiao United, amounting to approximately RMB937,400,000 in total, by instalments as follows:
- (i) the first instalment: Yangtze Hotel shall make a payment of RMB10,000,000 to Hongqiao United for land use right allotment interests within 10 working days from the date on which this contract comes into effect and pay annual interests by 31 December 2017;
  - (ii) the second instalment: Yangtze Hotel shall make a payment of RMB10,000,000 to Hongqiao United for land use right allotment interests together with annual interests by 31 December 2018;
  - (iii) the third instalment: Yangtze Hotel shall make a payment of RMB305,800,000 to Hongqiao United for land use right allotment interests together with annual interests by 31 December 2019;

- (iv) the fourth instalment: Yangtze Hotel shall make a payment of RMB305,800,000 to Hongqiao United for land use right allotment interests together with annual interests by 31 December 2020; and
- (v) the fifth instalment: Yangtze Hotel shall make a payment of RMB305,800,000 to Hongqiao United for land use right allotment interests together with annual interests by 31 December 2021.

The amount of compensation for land use right interests set out above has been determined by the parties following arm's length negotiations by reference to the preliminary valuation of RMB937,400,000 for the land use right allotment interests arrived at through a "double appraisal" of the market price of the state-owned land use right of Land Parcel No. 23 at the time of the proposed transfer and the price of the land use right allotment interests at the time of the proposed transfer conducted by a qualified real estate valuer selected and appointed by Changning Planning and Land Bureau, and is subject to the finalised valuation of the price for the land use right allotment interests in Land Parcel No. 23 set out in the official valuation report to be issued by such valuer, which will be adopted as the amount of the compensation for land use right allotment interests in Land Parcel No. 23. In the event of any difference between the preliminary valuation and the valuation of the land use right allotment interests in Land Parcel No. 23 set out in the official valuation report, the amount stated in the official valuation report shall prevail, at which time the two parties shall compute the amount receivable by Hongqiao United or the amount deductible from the payment of Yangtze Hotel based on the price difference, and shall enter into a supplementary contract in respect of such adjustment and complete procedures for the adjustment of the difference within 30 days from the date on which the valuation data relating to Land Parcel No. 23 officially furnished by relevant government authorities in writing is received.

Method of payment: Yangtze Hotel shall deposit payments in RMB to an account designated by Hongqiao United.

- Guarantee:** The Company shall pledge its equity interests in Yangtze Hotel as collateral in favour of Hongqiao United to guarantee the timely settlement of “partial payments” (where “partial payments” shall mean two-thirds of the sum of each instalment of compensation for land use right allotment interests plus interests payable by Yangtze Hotel) for all liabilities under the contract by Yangtze Hotel, and shall enter into a “Contract for the Pledge of Equity Interests” with Hongqiao United. At the same time, as the value of the aforesaid equity interests proposed to be pledged cannot cover the full amount of the “partial payments”, the Company shall provide additional guarantee and security to Hongqiao United and enter into a “Guarantee Contract” with Hongqiao United in respect of the difference.
- Effectiveness:** The contract shall come into effect upon signature by the legal representatives or authorised representatives of the two parties with company seals affixed.
- Completion:** The contract shall be completed upon the payment in full of all amounts due by Yangtze Hotel to Hongqiao United.

### **III. GENERAL INFORMATION**

#### **Information on 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 on Yangtze Hotel**

Yangtze Hotel is principally engaged in the operation of various types of guest rooms, Chinese and Western-style restaurants, pubs (large restaurants (including cooked and marinated food and raw seafood)), conference room, business centre, ball room, gym, swimming pool, garden podium, car park, civil airline ticket sales agency, spa treatment centre, music salon, music restaurant, and office building leasing and property management at No. 2111 Yan’an West Road.

#### **Information on Hongqiao United**

Hongqiao United is principally engaged in the centralised development and operation of Shanghai Hongqiao Economic and Technological Development Zone; real estate development; import and export agency; investment in and establishment of relevant enterprises and agency business, real estate intermediary (agency) consultation and ancillary services; car park operations.

Hongqiao United is a substantial shareholder of Yangtze Hotel, a subsidiary of the Company. By virtue of the fact that: (1) Hongqiao United is connected only with Yangtze Hotel, a subsidiary of the Company; and (2) the relevant applicable percentage ratios set out under the Listing Rules in relation to Yangtze Hotel's total assets, profits and revenue for the year ended 31 December 2016 are less than 5%, Yangtze Hotel meets the criteria of "an insignificant subsidiary" set out in Rule 14A.09 of the Listing Rules. Therefore, in accordance with Chapter 14A of the Listing Rules, Hongqiao United is not a connected person of the Company.

#### **IV. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The obtaining of controlling interests in Yangtze Hotel through the two acquisitions of equity interests and the processing of the land grant will enable the Company to strengthen its operational control over Yangtze Hotel and facilitate the latter's sustainable management, which will be conducive to the growth in the Company's asset value in line with the overall strategy of the Company.

The Directors are of the view that the acquisition of the land use right is in the interests of the Company and its shareholders as a whole, and its terms are fair and reasonable having been arrived at on normal commercial terms.

#### **V. LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in relation to the acquisition of land use right exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

#### **VI. DEFINITIONS**

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

"Acquisition"	the acquisition of land use right of Yangtze Hotel
"Board"	the board of directors of the Company
"Changning Planning and Land Bureau"	Urban Planning, Land and Resources Administrative Bureau of Changning District, Shanghai (上海市長寧區規劃和國土資源管理局)
"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
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC



“Hongqiao United”	Shanghai Hongqiao Economic & Technological Development Zone United Development Co., Ltd. (上海虹橋經濟技術開發區聯合發展有限公司), a company incorporated in the PRC with limited liability
“Land Parcel No. 23”	state-owned land parcel No. 23 in Hongqiao Economic and Technological Development Zone, No. 2099 Yan’an West Road, Changning District, Shanghai
“Listing Rules”	the 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 the PRC and Taiwan
“Renful Investment”	RENFUL INVESTMENT LIMITED (運科投資有限公司), a company incorporated in Hong Kong as a private company limited by shares
“Renhe Investment”	Shanghai Renhe Investment Management Company Limited (上海人和投資管理有限公司), a company incorporated in the PRC with limited liability
“RMB”	the lawful currency of the PRC
“Wintime Development”	WINTIME DEVELOPMENT LIMITED (偉大發展有限公司), a company incorporated in Hong Kong as a private company limited by shares
“Yangtze Hotel”	Shanghai Yangtze Hotel Company Limited (上海揚子江大酒店有限公司), a company incorporated in the PRC with limited liability and, as at the date of this announcement, a non wholly-owned subsidiary of the Company
“%”	per cent

By Order of the Board  
**Shanghai Jin Jiang International Hotels (Group) Company Limited\***  
**Zhang Qian**  
*Executive Director and Chief Executive Officer*

Shanghai, the PRC, 13 October 2017

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