

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 28 July 2015 in relation to, among other things, the Previous Master Electronic Commerce Service Agreement.

As the Previous Master Electronic Commerce Service Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 29 December 2018 to regulate the provision of the Electronic Commerce Services by Jin Jiang International Group to the Group for the three years ending 31 December 2018, 2019 and 2020.

Jin Jiang International is the controlling shareholder of the Company. Jin Jiang International and its associates are therefore connected persons of the Company under the Listing Rules. The continuing connected transactions under the Master Electronic Commerce Service Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio (other than the profit ratio) for the highest proposed annual cap for each of the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Electronic Commerce Service Agreement is more than 0.1% but less than 5%, the continuing connected transactions under the Master Electronic Commerce Service Agreement are only subject to the disclosure and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. RENEWAL OF MASTER ELECTRONIC COMMERCE SERVICE AGREEMENT

I. Background

Reference is made to the announcement of the Company dated 28 July 2015 in relation to, among other things, the Previous Master Electronic Commerce Service Agreement.

As the Previous Master Electronic Commerce Service Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 29 December 2018 to regulate the provision of the Electronic Commerce Services by Jin Jiang International Group to the Group for the three years ending 31 December 2018, 2019 and 2020. Details of the Master Electronic Commerce Service Agreement are set out below:

II. Master Electronic Commerce Service Agreement

Date: 29 December 2018

Parties: (i) Jin Jiang International as the service provider; and
(ii) the Company as the service recipient

Term: 1 January 2018 to 31 December 2020.

The Master Electronic Commerce Service Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

Nature of transactions: Jin Jiang International Group shall provide the Electronic Commerce Services to the Group.

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.

As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Electronic Commerce Service Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy:

Prices for the Electronic Commerce Services shall be determined in accordance with the following principles:

Services for bonus-point redemption gifts

Upon checking in a member hotel of the Group at the member room rate, a member guest may enjoy two kinds of benefits including a room rate discount and bonus points. If a member guest with rewards membership chooses to receive the bonus points, the member hotel of the Group concerned is not required to pay any bonus costs to Jin Jiang International Group; if a member guest with prime membership chooses to receive bonus points, the member hotel of the Group shall pay to Jin Jiang International Group a fixed percentage of the reasonable room charges incurred by such member guest as bonus costs.

If a member hotel of the Group launches other promotional activities that involve the grant of bonus points to member guests, an amount equivalent to the RMB cash value of the bonus points accrued shall be paid to Jin Jiang International Group.

Where a member guest with prime membership is offered a complimentary room at a discounted rate through the redemption of bonus points, Jin Jiang International Group shall settle the account with such member hotel of the Group at 100% of such discounted rate.

Prices for the Electronic Commerce Services under the Master Electronic Commerce Service Agreement shall be determined according to the Market Price (as defined below).

“Market Price” shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of electronic commerce services provided by electronic commerce platforms who are independent third parties to determine the Market Price. Generally, the quotations and terms will be obtained from at least two electronic commerce platforms who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the quotation, quality of service, specific requirements of the counterparty, technical advantage of the service provider, requirements of the Group's customers, ability of the service provider to fulfill technical specifications and qualifications and relevant experience of the service provider, etc..

III. Proposed Annual Caps and Basis for the Proposed Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Electronic Commerce Service Agreement for each of the three years ended 31 December 2017, as well as the respective annual caps for the three years ended 31 December 2017, are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2015	2016	2017	2015	2016	2017
Service fees paid by the Group under the Previous Master Electronic Commerce Service Agreement for the relevant period	<u>5.3</u>	<u>12.9</u>	<u>14.9</u>	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>

The Directors propose to set the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Electronic Commerce Service Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Electronic Commerce Service Agreement have been determined based on the following factors: (i) historical transaction amounts; (ii) the Group's development plans for its hotel, tourism, and passenger transportation businesses; (iii) the Group's plan to create a tourism business

through the e-commerce platform; (iv) the expected economic growth the PRC; and (v) the annual cap for the year ended 31 December 2018 has been determined after taking into consideration of the actual demands for providing/supplying the Electronic Commerce Services under separate agreements between Jin Jiang International Group and the Group in 2018. The annual caps for the two years ended 31 December 2019 and 2020 have been determined based on the estimation under the current demand. The Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Unit: RMB million

	Proposed annual caps for the relevant period		
	2018	2019	2020
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	<u>20.0</u>	<u>22.0</u>	<u>24.0</u>

As confirmed by the Company, as at the date of this announcement, the highest applicable percentage ratio of the service fees paid to Jin Jiang International Group by the Group for providing the Electronic Commerce Services in 2018 is lower than 0.1%, the previous transactions in relation to the Electronic Commerce Services are exempted from the reporting and announcement requirements under Chapter 14A of the Listing Rules.

B. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Due to the long-term relationship between the Company and Jin Jiang International Group, the Company considers that it is beneficial to continue to enter into the Master Electronic Commerce Service Agreement as these transactions will continue to facilitate the operation and growth of the Group's business.

The Board (including the independent non-executive Directors) considers that the transactions under the Master Electronic Commerce Service Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available from independent third parties, and are entered into on a continuing or recurring basis in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board (including the independent non-executive Directors) further considers that, the proposed annual caps for the transactions under the Master Electronic Commerce Service Agreement for the three years ending 31 December 2018, 2019 and 2020 are fair and reasonable. 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 Master Electronic Commerce Service Agreement. Save as disclosed above, no other Directors have any material interests in the transactions conducted under the Master Electronic Commerce Service Agreement.

C. LISTING RULES IMPLICATIONS

Jin Jiang International is the controlling shareholder of the Company. Jin Jiang International and its associates are therefore connected persons of the Company under the Listing Rules. The continuing connected transactions under the Master Electronic Commerce Service Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Listing Rules.

Since the highest applicable percentage ratio (other than the profit ratio) for the highest proposed annual cap for each of the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Electronic Commerce Service Agreement is more than 0.1% but less than 5%, the continuing connected transactions under the Master Electronic Commerce Service Agreement are only subject to the disclosure and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

D. GENERAL INFORMATION

The Group is principally engaged in full service hotels operation and management, select service hotel operation and franchising, restaurant operation and other hotel-related businesses.

Jin Jiang International Group is one of the largest hotel and tourism conglomerates in the PRC.

E. DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	上海錦江國際酒店(集團)股份有限公司 (Shanghai Jin Jiang International Hotels (Group) Company Limited*), a joint stock limited company established in the PRC, the H shares of which are listed on The Stock Exchange of Hong Kong Limited
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“Electronic Commerce Services”	electronic commerce services include the provision of advanced booking and sales services for hotel rooms, automobiles and ancillary services, tourism, business trip products by electronic commerce platforms as well as WeHotel Membership Programme
“Group”	the Company and its subsidiaries
“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), the controlling shareholder of the Company
“Jin Jiang International Group”	Jin Jiang International and its associates (excluding the Group)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Electronic Commerce Service Agreement”	the master electronic commerce service agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “A. Renewal of Master Electronic Commerce Service Agreement” in this announcement

“percentage ratio”	has the same meaning ascribed thereto under the Listing Rules
“PRC”	the People’s Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“Previous Master Electronic Commerce Service Agreement”	the master electronic commerce service agreement dated 28 July 2015 entered into between the Company and Jin Jiang International
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary”	has the same meaning ascribed thereto under the Listing Rules
“WeHotel”	Shanghai Qi Cheng Network Technology Co., Ltd. (上海齊程網絡科技有限公司), a company incorporated in the PRC with limited liability
“WeHotel Membership Programme”	A membership programme established for loyal customers with different level of hotels with a two-level structure, namely prime membership and rewards membership. The prime membership is a membership programme exclusively for high-end hotels, and the rewards membership is a membership programme for low-to-mid-end hotels

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

Shanghai, the PRC, 30 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**”.*