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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)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF MASTER PROVISION OF HOTEL ROOMS AGREEMENT AND MASTER PROPERTY LEASING AGREEMENT

Reference is made to the announcement of the Company dated 28 July 2015 in relation to, among other things, the Previous Master Provision of Hotel Rooms Agreement and the Previous Master Property Leasing Agreement.

As the Previous Master Provision of Hotel Rooms Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Provision of Hotel Rooms Agreement on 26 April 2018 to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ending 31 December 2018, 2019 and 2020.

As the Previous Master Property Leasing Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 26 April 2018 to regulate the provision of property leasing services by Jin Jiang International Group to the Group for the three years ending 31 December 2018, 2019 and 2020.

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 Provision of Hotel Rooms Agreement and the Master Property Leasing 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 applicable percentage ratios (other than the profit ratio) for the highest proposed annual cap for the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Provision of Hotel Rooms Agreement and Master Property Leasing Agreement are more than 0.1% but less than 5%, the continuing connected transactions under these agreements 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 PROVISION OF HOTEL ROOMS 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 Provision of Hotel Rooms Agreement.

As the Previous Master Provision of Hotel Rooms Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Provision of Hotel Rooms Agreement on 26 April 2018 to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ending 31 December 2018, 2019 and 2020. Details of the Master Provision of Hotel Rooms Agreement are set out below:

II. Master Provision of Hotel Rooms Agreement

Date: 26 April 2018

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

Term: 1 January 2018 to 31 December 2020. The Master Provision of Hotel Rooms Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Provision of Hotel Rooms 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: (i) provision of hotel rooms; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International 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 products and services as contemplated by the Master Provision of Hotel Rooms Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy: The prices for the provision of relevant products and services to Jin Jiang International Group under the Master Provision of Hotel Rooms Agreement shall be determined with reference to the "Hotel Negotiated Prices for Major Customers" (as defined below) offered by the Company to independent third party customers with equivalent or similar volume of annual room reservations and level of aggregate consumption to Jin Jiang International Group.

"Hotel Negotiated Prices for Major Customers" 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 products and services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of products and services provided by independent third parties to determine the “Hotel Negotiated Prices for Major Customers”. Generally, the quotations and terms will be obtained from at least two independent third parties via email, facsimile or telephone enquiry. The Company will determine the “Hotel Negotiated Prices for Major Customers” after comparing and considering certain factors, including the quotation, quality of products and services, seasonal demand in hotel industry, locations of the hotels and specific requirements of the counterparty, 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 Provision of Hotel Rooms 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
Fees received by the Group under the Previous Master Provision of Hotel Rooms Agreement for the relevant period	<u>21.1</u>	<u>23.1</u>	<u>30.9</u>	<u>30.0</u>	<u>31.5</u>	<u>33.0</u>

The Directors resolved to set the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Provision of Hotel Rooms Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Provision of Hotel Rooms Agreement have been determined based on the following factors: the estimated amounts of transactions involved with reference to historical transaction volume, the estimated potential growth of the

Group and the expected economic growth of China. The Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Unit: RMB million

Item	Proposed annual caps for the relevant period		
	2018	2019	2020
Maximum fees receivable by the Group under the Master Provision of Hotel Rooms Agreement for the relevant period	<u>40.0</u>	<u>44.0</u>	<u>48.0</u>

B. RENEWAL OF MASTER PROPERTY LEASING 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 Property Leasing Agreement.

As the Previous Master Property Leasing Agreement expired on 31 December 2017, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 26 April 2018 to regulate the provision of property leasing services by Jin Jiang International Group to the Group for the three years ending 31 December 2018, 2019 and 2020. Details of the Master Property Leasing Agreement are set out below:

II. Master Property Leasing Agreement

Date: 26 April 2018

Parties: (i) Jin Jiang International as the lessor; and
(ii) the Company as the lessee

Term: 1 January 2018 to 31 December 2020. The Master Property Leasing Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Property Leasing 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 lease some properties legally owned by it to the Group and provide other property leasing related 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 Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy:

Prices for the relevant property leasing services under the Master Property Leasing Agreement shall be determined according to the “Market Price” (as defined below).

“Market Price” shall be determined with reference to quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas.

A designated department or personnel of the Company shall primarily be responsible for checking the quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas to determine the “Market Price”. Generally, the quotations and terms will be obtained from at least two real estate agents 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 condition of the relevant property, availability of ancillary facilities and service items to be provided, etc..

Other major terms: Starting from the effective date of the Master Property Leasing Agreement, all existing agreements between the Group and Jin Jiang International Group in relation to property leasing transactions (including property leasing transactions after the effective date of the Master Property Leasing Agreement) will be deemed as implementation agreements made under the Master Property Leasing Agreement.

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

The historical amounts for the continuing connected transactions conducted under the Previous Master Property Leasing 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
Property leasing service fees paid by the Group under the Previous Master Property Leasing Agreement for the relevant period	<u>35.1</u>	<u>42.0</u>	<u>38.6</u>	<u>50.0</u>	<u>52.5</u>	<u>55.0</u>

The Directors resolved to set the annual caps for the three years ending 31 December 2018, 2019 and 2020 for the continuing connected transactions under the Master Property Leasing Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Property Leasing Agreement have been determined based on the following factors: historical transaction amounts, the expected increase in rental and the expected increase in utility charges and administrative fees. The Directors (including the independent nonexecutive 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 property leasing service fees payable by the Group under the Master Property Leasing Agreement for the relevant period	<u>60.0</u>	<u>65.0</u>	<u>70.0</u>

C. 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 Provision of Hotel Rooms Agreement and the Master Property Leasing 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 Provision of Hotel Rooms Agreement and the Master Property Leasing Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available to or 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 Provision of Hotel Rooms Agreement and the Master Property Leasing Agreement for the three years ending 31 December 2018, 2019 and 2020 are fair and reasonable. Mr. Yu Minliang (being an executive Director), Ms. Guo Lijuan (being an executive Director), Mr. Chen Liming (being an executive Director) and Mr. Zhang Qian (being an executive Director) who also acts as a director or senior management member of Jin Jiang International, respectively, have abstained from voting on the Board resolution(s) in relation to the Master Provision of Hotel Rooms Agreement and the Master Property Leasing Agreement. No other Directors have any material interests in the transactions conducted under the Master Provision of Hotel Rooms Agreement and the Master Property Leasing Agreement.

D. 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 Provision of Hotel Rooms Agreement and the Master Property Leasing 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 applicable percentage ratios (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 Provision of Hotel Rooms Agreement and Master Property Leasing Agreement are more than 0.1% but less than 5%, the continuing connected transactions under these agreements 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.

E. GENERAL INFORMATION

The Group is principally engaged in investment and operation of hotels and related businesses, investment and operation of passenger transportation vehicles, logistics and related businesses and investment and operation of travel agency and related businesses.

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

F. 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
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong Special Administrative Region, Macau Special Administrative Region of the People’s Republic of China and Taiwan

“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
“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/or its subsidiaries and its associates (excluding the Group)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Property Leasing Agreement”	the master property leasing agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “B. Renewal of Master Property Leasing Agreement” in this announcement
“Master Provision of Hotel Rooms Agreement”	the master provision of hotel rooms agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “A. Renewal of Master Provision of Hotel Rooms Agreement “ in this announcement
“Previous Master Property Leasing Agreement”	the master property leasing agreement dated 28 July 2015 entered into between the Company and Jin Jiang International
“Previous Master Provision of Hotel Rooms Agreement”	the master provision of hotel rooms agreement dated 28 July 2015 entered into between the Company and Jin Jiang International
“RMB”	the lawful currency of China

“subsidiary” has the same meaning ascribed thereto under the Listing Rules

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

Shanghai, the PRC, 26 April 2018

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