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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)

ANNOUNCEMENT DISCLOSEABLE TRANSACTION ENTERING INTO THE PROPERTY REQUISITION AND COMPENSATION AGREEMENT

ENTERING INTO THE PROPERTY REQUISITION AND COMPENSATION AGREEMENT

On 24 December 2020, Shanghai Company, a majority-owned subsidiary of Jin Jiang Investment (a subsidiary of the Company), entered into the Property Requisition and Compensation Agreement with Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company (as the implementation unit for property requisition), pursuant to which Huangpu Housing Management Bureau shall requisition the property situated at No. 1218 Waima Road owned by Shanghai Company and shall compensate Shanghai Company in the aggregate amount of RMB1,141,897,091.85.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of the transaction contemplated under the Property Requisition and Compensation Agreement exceeds 5% but is lower than 25%, the transaction contemplated under the Property Requisition and Compensation Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

I. BACKGROUND

In view of the reconstruction of the old city district at the Nanpu land block in Huangpu District, Shanghai, the People's Government of Shanghai Huangpu District issued the "Property Requisition Decision" (Huang Fu Zheng [2017] No. 2) (《房屋徵收決定》(黃府徵[2017]2號)) on 26 July 2017. The property situated at No. 1218 Waima Road (外馬路1218號) owned by Shanghai Company, a majority-owned subsidiary of Jin Jiang Investment (a subsidiary of the Company), is within the requisition scope under the aforementioned requisition decision.

On 24 December 2020, Shanghai Company entered into the Property Requisition and Compensation Agreement with Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company (as the implementation unit for property requisition), pursuant to which Huangpu Housing Management Bureau shall requisition the property situated at No. 1218 Waima Road owned by Shanghai Company and shall compensate Shanghai Company in the aggregate amount of RMB1,141,897,091.85.

II. THE PROPERTY REQUISITION AND COMPENSATION AGREEMENT

The principal terms of the Property Requisition and Compensation Agreement are summarised as follows:

Date: 24 December 2020

Parties:

- (1) Huangpu Housing Management Bureau (as Party A);
- (2) Huangpu No. 3 Property Requisition Company (as the implementation unit for property requisition); and
- (3) Shanghai Company (as Party B)

To the best of the Directors' knowledge, information and belief, Huangpu Housing Management Bureau, Huangpu No. 3 Property Requisition Company and their respective ultimate beneficial owners are independent third parties. For details of their respective ultimate beneficial owners, please refer to the section headed "VI. General Information" hereinafter.

Property to be requisitioned:

The property situated at No. 1218 Waima Road owned by Shanghai Company is located in the Nanpu land block under the property ownership certificate “Hu Fang Di Huang Zi 2016 No. 003335” (滬房地黃字2016第003335號). Its gross floor area is 28,200.91 square metres, the nature of the property is the system, the property type is factory and the use of property is manufacturing plant, as recorded on the property ownership certificate. It is partially used by Shanghai Company and partially leased.

Following negotiations between Shanghai Company and Huangpu No. 3 Property Requisition Company, the two parties have agreed to ascertain that the area entitled to compensation for requisition is the gross floor area of 28,200.91 square metres as recorded on the property ownership certificate.

Compensation for property requisition:

According to the Valuation Report furnished by Shanghai Real Estate Appraisers Co., Ltd., the appraised unit market price of the property situated at No. 1218 Waima Road amounts to RMB34,393 per square metre, and the amount of compensation for the value of the requisitioned property is RMB969,913,897.63, which has been calculated with the following formula: $\text{RMB}34,393 \times 28,200.91 \text{ square metres} = \text{RMB}969,913,897.63$.

The two parties have agreed on an amount of RMB171,983,194.22 as compensation for loss on production and business suspensions and for refurbishment as well as various other subsidies.

The total amount of the various types of compensation described above is RMB1,141,897,091.85.

Payment of compensation: Due to the impact of the COVID-19 pandemic and other factors, Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company will pay the amount of compensation for property requisition in multiple instalments, and will determine the actual schedule of relocation relating to the property situated at No. 1218 Waima Road based on its funding conditions and arrangements for the progress of land requisition. Shanghai Company will determine the handover progress of the property based on the agreed progress of requisition and relocation. The Company will ascertain the financial impact of this matter for the corresponding accounting years accordingly.

III. THE FINANCIAL IMPACT OF ENTERING INTO THE PROPERTY REQUISITION AND COMPENSATION AGREEMENT AND APPLICATION OF PROCEEDS FROM THE COMPENSATION FOR PROPERTY REQUISITION

Following the requisition of the property situated at No. 1218 Waima Road, Shanghai Company will be relocated to selected premises and continue its operations there. The relocation of Shanghai Company will not affect the Group's day-to-day operations.

As at 31 December 2019, the net book value of the property situated at No. 1218 Waima Road was RMB5,355,053.05.

The following table sets out the financial information of Shanghai Company prepared in accordance with the PRC Accounting Standards for Business Enterprises:

| | For the year ended 31 December | |
|--|---------------------------------------|---------------|
| | <i>(RMB)</i> | |
| | 2018 | 2019 |
| Net profit before taxation and non-recurring items | 21,690,667.16 | -7,596,358.91 |
| Net profit after taxation and non-recurring items | 21,690,667.16 | -7,596,358.91 |

According to the financial statements of Shanghai Company prepared in accordance with the PRC Accounting Standards for Business Enterprises, as at 31 December 2019, the book value of net assets of Shanghai Company was RMB43,310,791.11.

Due to the impact of the COVID-19 pandemic and other factors, Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company will pay the amount of compensation for property requisition in multiple instalments, and will determine the actual schedule of relocation relating to the property situated at No. 1218 Waima Road based on its funding conditions and arrangements for the progress of land requisition. Shanghai Company will determine the handover progress of property based on the agreed progress of requisition and relocation. The Company will ascertain the financial impact of this matter for the corresponding accounting years accordingly. Based on the schedule for relocation agreed by the two parties, Shanghai Company is expected to hand over premises with a gross floor area of 9,230.57 square meters by the end of 2020, corresponding to a compensation amounting to RMB350 million. It is expected to affect the profit before taxation of Jin Jiang Investment for 2020 by approximately RMB260 million, and the profit attributable to Shareholders of the Company for 2020 by approximately RMB76 million. The compensation to be received for the property requisition will be subject to taxation, the amount of which has yet to be finalised by the relevant taxation authority. The relevant accounting treatment and relevant financial figure shall be subject to results as audited by the Company's auditors.

The Company has proposed to apply proceeds from the compensation for property requisition as the Group's general working capital.

IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPERTY REQUISITION AND COMPENSATION AGREEMENT

Entering into the Property Requisition and Compensation Agreement will enable the Group to realise the commercial value of its existing property and enhance its overall efficiency and Shareholders' return by seizing the opportunities presented by urban development and reconstruction.

The Board (including the independent non-executive Directors) is of the view that the terms of the Property Requisition and Compensation Agreement are based on normal commercial terms and are fair and reasonable and the transaction contemplated thereunder, while not being conducted in the Company's ordinary and usual course of business, is in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transaction or is required to abstain from voting on the relevant resolution of the Board.

V. LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of the transaction contemplated under the Property Requisition and Compensation Agreement exceeds 5% but is lower than 25%, the transaction contemplated under the Property Requisition and Compensation Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

VI. 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 Shanghai Company

Shanghai Company is principally engaged in the wholesale of pre-packaged food (including refrigerated food but excluding cooked or marinated food). As at the date of this announcement, it is held as to 95% by Jin Jiang Investment and 5% by Jin Jiang Automobile, a subsidiary of Jin Jiang Investment. Jin Jiang Automobile is held as to 95% by Jin Jiang Investment and 5% by Jin Jiang International. Jin Jiang International is 100% held by Shanghai SASAC.

Information on Huangpu Housing Management Bureau

Huangpu Housing Management Bureau is a department under the People's Government of Shanghai Huangpu District in charge of housing security and management in Huangpu District, Shanghai.

Information on Huangpu No. 3 Property Requisition Company

Huangpu No. 3 Property Requisition Company is principally engaged in services relating to compensation for requisition and housing relocation and is 100% owned by Shanghai Nanfang (Group) Co., Ltd., which is in turn 100% held by the State-owned Assets Supervision and Administration Commission of Shanghai Huangpu District.

VII. DEFINITIONS

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

| | |
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| “Board” | 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 |
| “Directors” | the directors of the Company |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huangpu Housing Management Bureau” | Bureau of Housing Security and Management of Shanghai Huangpu District |
| “Huangpu No. 3 Property Requisition Company” | Shanghai Huangpu District No. 3 Property Requisition Services Co., Ltd.** (上海市黃浦區第三房屋徵收服務事務所有限公司), a company established in the PRC with limited liability |
| “Jin Jiang Automobile” | Shanghai Jin Jiang Automobile Services Co., Ltd., a company incorporated in the PRC with limited liability and a subsidiary of Jin Jiang Investment held as to 95% by Jin Jiang Investment and 5% by Jin Jiang International |
| “Jin Jiang International” | Jin Jiang International Holding Company Limited, the controlling shareholder of the Company holding 75% interests in the Company’s share capital in issue and a company 100% held by Shanghai SASAC |
| “Jin Jiang Investment” | Shanghai Jin Jiang International Industrial Investment Company Limited, a company listed on the Shanghai Stock Exchange (A share stock code: 600650; B share stock code: 900914) and a 39.26%-owned subsidiary of the Company |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “PRC” | The People’s Republic of China |

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|---|--|
| “Property Requisition and Compensation Agreement” | The “Agreement on Compensation for the Requisition of Properties situated on State-owned Land in Shanghai” entered into by Shanghai Company with Huangpu Housing Management Bureau and Huangpu No. 3 Property Requisition Company on 24 December 2020, the details of which have been disclosed in this announcement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Company” | Shanghai Shanghai Food Co., Ltd.** (上海尚海食品有限公司), a company incorporated in the PRC with limited liability and a majority-owned subsidiary of Jin Jiang Investment |
| “Shanghai SASAC” | Shanghai Municipal State-owned Assets Supervision and Administration Commission |
| “Shareholders” | the shareholders of the Company |
| “Valuation Report” | the “Valuation report in relation to requisition of non-residential properties situated on State-owned land in Shanghai analysed by unit” (Hu Fang Di Shi Gu [2017] Fang Zi No. 0545 003) (《上海市國有土地上非居住房屋徵收評估分戶報告》(滬房地師估[2017]房字第0545號003)) furnished by Shanghai Real Estate Appraisers Co., Ltd. |
| “%” | per cent |

By Order of the Board
Shanghai Jin Jiang Capital Company Limited*
Zhang Jue
Joint Company Secretary

Shanghai, the PRC, 24 December 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”.*

** *For identification purposes only.*