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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 CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 26 April 2018, 30 December 2018, 18 August 2020 and 20 November 2020 in relation to, among other things, the continuing connected transactions of the Company.

The Board announces that, on 30 April 2021, the Company entered into five Continuing Connected Transactions Agreements, including the (i) Master Provision of Hotel Rooms Agreement; (ii) Master Property Leasing Agreement; (iii) Master Electronic Commerce Service Agreement; (iv) Master Provision of Catering Services and Food Agreement; and (v) Master Hotel Business Cooperation Agreement, with Jin Jiang International Group to regulate the continuing connected transactions between the Group and Jin Jiang International Group and/or its subsidiaries and associates for the three years ending 31 December 2021, 2022 and 2023.

As Jin Jiang International Group is the controlling shareholder of the Company, Jin Jiang International Group and its associates are therefore connected persons of the Company under the Listing Rules, and the transactions contemplated under the Continuing Connected Transactions Agreements constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio for each of the continuing connected transactions contemplated under the Continuing Connected Transactions Agreements is more than 0.1% but less than 5%, each of the continuing connected transactions contemplated under the Continuing Connected Transactions Agreements are only subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the announcements of the Company dated 26 April 2018, 30 December 2018, 18 August 2020 and 20 November 2020 in relation to, among other things, the continuing connected transactions of the Company.

The Board announces that, on 30 April 2021, the Company entered into the following five Continuing Connected Transactions Agreements with Jin Jiang International Group and/or its subsidiaries and associates to regulate the continuing connected transactions between the Group and Jin Jiang International Group:

- (i) **Master Provision of Hotel Rooms Agreement:** As the Previous Master Provision of Hotel Rooms Agreement expired on 31 December 2020, the Company and Jin Jiang International Group agreed to renew the transaction terms and entered into the Master Provision of Hotel Rooms Agreement to regulate the hotel room services provided by the Group to Jin Jiang International Group and/or its subsidiaries and associates for the three years ending 31 December 2021, 2022 and 2023.
- (ii) **Master Property Leasing Agreement:** As the Previous Master Property Leasing Agreement expired on 31 December 2020, the Company and Jin Jiang International Group agreed to renew the transaction terms and entered into the Master Property Leasing Agreement to regulate the property leasing services provided by Jin Jiang International Group and/or its subsidiaries and associates to the Group for the three years ending 31 December 2021, 2022 and 2023.
- (iii) **Master Electronic Commerce Service Agreement:** As the Previous Master Electronic Commerce Service Agreement expired on 31 December 2020, the Company and Jin Jiang International Group agreed to renew the transaction terms and entered into the Master Electronic Commerce Service Agreement to regulate the electronic commerce services provided by Jin Jiang International Group and/or its subsidiaries and associates to the Group for the three years ending 31 December 2021, 2022 and 2023.
- (iv) **Master Provision of Catering Services and Food Agreement:** As the Previous Master Provision of Catering Services and Food Agreement expired on 31 December 2020, the Company and Jin Jiang International Group agreed to renew the transaction terms and entered into the Master Provision of Catering Services and Food Agreement to regulate catering, food and other related products and services provided by the Group and Jin Jiang International Group and/or its subsidiaries and associates and vice versa for the three years ending 31 December 2021, 2022 and 2023.
- (v) **Master Hotel Business Cooperation Agreement:** The Master Hotel Business Cooperation Agreement has been entered into between the Company and Jin Jiang International Group to regulate cooperation between the Group and Jin Jiang International Group in respect of relevant hotel business for the three years ending 31 December 2021, 2022 and 2023.

II. RENEWAL OF MASTER PROVISION OF HOTEL ROOMS AGREEMENT

1. Master Provision of Hotel Rooms Agreement

Details of the Master Provision of Hotel Rooms Agreement are set out as follows:

Date: 30 April 2021

Parties: (1) Jin Jiang International Group as the recipient; and
(2) the Company as the provider.

Term: 1 January 2021 to 31 December 2023. 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, subject to agreement between Jin Jiang International Group and the Company and compliance with the Listing Rules.

Nature of transactions: The provision of: (i) hotel room services; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International Group and/or its subsidiaries and associates (excluding the Group).

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

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated under the Master Provision of Hotel Rooms Agreement, they do not constitute a new category of connected transactions.

Pricing policy:

The prices for the provision of relevant products and services to Jin Jiang International Group and/or its subsidiaries and associates (excluding the 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 volume of annual room reservations and level of aggregate consumption equivalent or similar to that of Jin Jiang International Group and/or its subsidiaries and associates.

“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 are obtained from at least two independent third parties via email, facsimile or telephone enquiry. The Company determines the “Hotel Negotiated Prices for Major Customers” after comparing and considering certain factors, including the quotations, quality of products and services, seasonal demand in the hotel industry, location of the hotel and specific requirements of the counterparty, among others.

2. Annual Caps and the Basis of Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Provision of Hotel Rooms Agreement for the three years ended 31 December 2020 and the respective annual caps for the three years ended 31 December 2020 are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2018	2019	2020	2018	2019	2020
Fees received by the Group under the Previous Master Provision of Hotel Rooms Agreement for the relevant period	<u>32.6</u>	<u>33.9</u>	<u>17.0</u>	<u>40.0</u>	<u>44.0</u>	<u>48.0</u>

The Directors resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 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: estimated transaction amounts involved arrived at by reference to historical transaction volume, estimated potential growth of the Group and the expected growth of the tourism and hospitality industry. The Board (including the independent non-executive Directors) consider that the annual caps are fair and reasonable.

Unit: RMB million

Item	Annual caps for the relevant period		
	2021	2022	2023
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>

3. Reasons for and Benefits of entering into the Transactions

Given the long-term relationship between the Company and Jin Jiang International Group and/or its subsidiaries and associates, the Company considers that it is beneficial to continue to enter into the Master Provision of Hotel Rooms 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 are based on normal commercial terms and 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.

III. RENEWAL OF MASTER PROPERTY LEASING AGREEMENT

1. Master Property Leasing Agreement

Details of the Master Property Leasing Agreement are set out as follows:

Date: 30 April 2021

Parties: (1) Jin Jiang International Group as the lessor; and
(2) the Company as the lessee.

Term: 1 January 2021 to 31 December 2023. 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, subject to agreement between Jin Jiang International Group and the Company and compliance with the Listing Rules.

Nature of transactions:

Jin Jiang International Group and/or its subsidiaries and associates shall lease part of 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 among the Group, Jin Jiang International Group and its subsidiaries and/or associates (if applicable).

As the implementation agreements are simply further elaborations on the provision of services as contemplated under the Master Property Leasing Agreement, they do not constitute a new category 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).

The “market price” shall be determined with reference to quotations and market transaction prices 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 quotations and market transaction prices 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 are obtained from at least two real estate agents who are independent third parties via email, facsimile or telephone enquiry. The Company determines the “market price” after comparing and considering certain factors, including the aging condition of the relevant property, conditions of ancillary facilities and service items to be provided, among others.

Other principal terms: Starting from the effective date of the Master Property Leasing Agreement, all existing agreements between the Group and Jin Jiang International Group and/or its subsidiaries and associates 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.

2. Annual Caps and the Basis of Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Property Leasing Agreement for the three years ended 31 December 2020 and the respective annual caps for the three years ended 31 December 2020 are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2018	2019	2020	2018	2019	2020
Property leasing service fees paid by the Group under the Previous Master Property Leasing Agreement for the relevant period	<u>50.5</u>	<u>55.3</u>	<u>54.0</u>	<u>60.0</u>	<u>65.0</u>	<u>70.0</u>

In accordance with Hong Kong Financial Reporting Standard 16, the Group shall recognise right-of-use assets, which shall be initially measured at cost and subsequently amortised over the useful life or the lease term of the right-of-use assets, whichever is shorter, using the straight-line method. The Group is required by the The Stock Exchange of Hong Kong Limited to set an annual cap for the total value of right-of-use assets relating to leases under the Master Property Leasing Agreement.

The Directors resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 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: by reference to historical rental amounts and expected rental levels of relevant property markets. The Board (including the independent non-executive Directors) consider that the annual caps are fair and reasonable.

Unit: RMB million

Item	Annual caps for the relevant period		
	2021	2022	2023
Maximum total value of rights-of-use assets under the Master Property Leasing Agreement	<u>350.0</u>	<u>350.0</u>	<u>350.0</u>
Maximum property leasing service fees to be paid by the Group during the relevant period under the Master Property Leasing Agreement	<u>40.0</u>	<u>45.0</u>	<u>50.0</u>

3. Reasons for and Benefits of entering into the Transactions

Given the long-term relationship between the Company and Jin Jiang International Group and/or its subsidiaries and associates, the Company considers that it is beneficial to continue to enter into the Master Property Leasing Agreement as these transactions will enable the leasing of premium properties by the Group in a long-term and stable manner, thereby continuing 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 Property Leasing Agreement are based on normal commercial terms and 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.

IV. RENEWAL OF MASTER ELECTRONIC COMMERCE SERVICE AGREEMENT

1. Master Electronic Commerce Service Agreement

Details of the Master Electronic Commerce Service Agreement are set out as follows:

Date: 30 April 2021

Parties: (1) Jin Jiang International Group as the service provider; and
(2) the Company as the service recipient.

Term: 1 January 2021 to 31 December 2023. 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, subject to agreement between Jin Jiang International Group and the Company and compliance with the Listing Rules.

Nature of transactions: Jin Jiang International Group and/or its subsidiaries and associates 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 among the Group, Jin Jiang International Group and its subsidiaries and/or associates (if applicable).

As the implementation agreements are simply further elaborations on the provision of services as contemplated under the Master Electronic Commerce Service Agreement, they do not constitute a new category 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 and/or its subsidiaries and associates; 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 and/or its subsidiaries and associates 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 reward 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 and/or its subsidiaries and associates.

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 and/or its subsidiaries and associates 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).

The “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 are obtained from at least two electronic commerce platforms who are independent third parties via email, facsimile or telephone enquiry. The Company determines the “market price” after comparing and considering certain factors, including the quotations, 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, among others.

2. Annual Caps and the Basis of Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Electronic Commerce Service Agreement for the three years ended 31 December 2020 and the respective annual caps for the three years ended 31 December 2020 are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2018	2019	2020	2018	2019	2020
Service fees paid by the Group under the Previous Master Electronic Commerce Service Agreement for the relevant period	<u>16.5</u>	<u>20.1</u>	<u>11.6</u>	<u>20.0</u>	<u>22.0</u>	<u>24.0</u>

The Directors resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 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 development plans for cultivating

its tourism business through electronic commerce platforms; and (iv) the expected growth of the tourism and hospitality industry. The Board (including the independent non-executive Directors) consider that the annual caps are fair and reasonable.

Unit: RMB million

Item	Annual caps for the relevant period		
	2021	2022	2023
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	<u>30.0</u>	<u>35.0</u>	<u>40.0</u>

3. Reasons for and Benefits of entering into the Transactions

Given the long-term relationship between the Company and Jin Jiang International Group and/or its subsidiaries and associates, the Company considers that it is beneficial to continue to enter into the Master Electronic Commerce Service Agreement as these transactions will enable the Group to expand sales of hotel rooms and tourism products through the online sales platform and continue to drive 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 based on normal commercial terms and 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.

V. RENEWAL OF MASTER PROVISION OF CATERING SERVICES AND FOOD AGREEMENT

1. Master Provision of Catering Services and Food Agreement

Details of the Master Provision of Catering Services and Food Agreement are set out as follows:

Date: 30 April 2021

Parties: (1) Jin Jiang International Group; and
(2) the Company.

Term: 1 January 2021 to 31 December 2023. The Master Provision of Catering Services and Food 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 Catering Services and Food Agreement can be extended, subject to agreement between Jin Jiang International Group and the Company and compliance with the Listing Rules.

Nature of transactions: The Group provides catering services, food and other relevant ancillary products and services, including hotel catering, food processing and semi-finished products to Jin Jiang International Group and/or its subsidiaries and associates.

Jin Jiang International Group and/or its subsidiaries and associates provide catering services, food and other relevant ancillary products and services, including catering raw materials to the Group.

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

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated under the Master Provision of Catering Services and Food Agreement, they do not constitute a new category of connected transactions.

Pricing policy:

Under the Master Provision of Catering Services and Food Agreement, the price for procurement of catering services and food by the Group from Jin Jiang International Group and/or its subsidiaries and associates and the price for procurement of catering services and food by Jin Jiang International Group and/or its subsidiaries and associates from the Group shall be determined by the “market price” (as defined below).

The “market price” shall be determined with reference to the price at which similar types of catering services and food are procured from or supplied to independent third parties by the Group.

A designated department or personnel of the Company shall primarily be responsible for checking the price for similar types of catering services and food procured from or supplied to independent third parties by the Group to determine the “market price”. Generally, the quotations and terms are obtained from at least two independent third party suppliers via email or telephone enquiry. The Company determines the market price after comparing and considering certain factors. A designated department or personnel of the Company shall take into consideration of the quotations and terms for the procurement or supply of similar types of catering services and food by the Group from or to at least two independent third parties to determine the “market price”.

Other principal terms:

Starting from the effective date of the Master Provision of Catering Services and Food Agreement, all existing agreements between the Group and Jin Jiang International Group and/or its subsidiaries and associates in relation to the procurement or supply of catering services and food transactions (including procurement and supply transactions after the effective date of the Master Provision of Catering Services and Food Agreement) will be deemed as implementation agreements made under the Master Provision of Catering Services and Food Agreement.

2. Annual Caps and the Basis of Annual Caps

The continuing connected transactions conducted under the Previous Master Provision of Catering Services and Food Agreement for the two years ended 31 December 2019 constituted transactions of de minimis exemption. The historical amount and annual cap for the continuing connected transactions conducted under the Previous Master Provision of Catering Services and Food Agreement for the year ended 31 December 2020 are set out below:

Unit: RMB million

Item	Historical amounts 2020	Annual caps 2020
Amount paid by the Group to Jin Jiang International Group and/or its subsidiaries and associates for procurement of catering services and food from Jin Jiang International Group and/or its subsidiaries and associates for the relevant period under the Previous Master Provision of Catering Services and Food Agreement	<u>16.4</u>	<u>30.0</u>
Amount paid by Jin Jiang International Group and/or its subsidiaries and associates to the Group for procurement of catering services and food from the Group for the relevant period under the Previous Master Provision of Catering Services and Food Agreement	<u>11.4</u>	<u>30.0</u>

The Directors resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 for the continuing connected transactions under the Master Provision of Catering Services and Food Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Provision of Catering Services and Food Agreement have been determined based on the following factors: (i) historical transaction amounts; and (ii) the Group's development plans for its hotel, food and beverage and online platform businesses. The Board (including the independent non-executive Directors) consider that the annual caps are fair and reasonable.

Unit: RMB million

Item	Annual caps for the relevant period		
	2021	2022	2023
Maximum amount payable by the Group to Jin Jiang International Group and/or its subsidiaries and associates for procurement of catering services and food from Jin Jiang International Group and/or its subsidiaries and associates for the relevant period under the Master Provision of Catering Services and Food Agreement	<u>35.0</u>	<u>40.0</u>	<u>45.0</u>
Maximum amount payable by Jin Jiang International Group and/or its subsidiaries and associates to the Group for procurement of catering services and food from the Group for the relevant period under the Master Provision of Catering Services and Food Agreement	<u>10.0</u>	<u>15.0</u>	<u>20.0</u>

3. Reasons for and Benefits of entering into the Transactions

Given the long-term relationship between the Company and Jin Jiang International Group and/or its subsidiaries and associates, the Company is of the view that entering into the Master Provision of Catering Services and Food Agreement is favourable to the Company as conducting the transactions thereunder will be conducive to reducing the Group's production and operating costs as well as sales expenses and to obtaining convenient and quality services

for the Group. Meanwhile, it could support the development of the catering and food business of the Group, resulting in an increase in revenue and thus facilitating 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 Catering Services and Food Agreement are based on normal commercial terms and 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.

VI. ENTERING INTO MASTER HOTEL BUSINESS COOPERATION AGREEMENT

1. Master Hotel Business Cooperation Agreement

Date: 30 April 2021

Parties: (1) the Company; and
(2) Jin Jiang International Group.

Term: 1 January 2021 to 31 December 2023. The Master Hotel Business Cooperation Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Hotel Business Cooperation Agreement can be extended, subject to agreement between Jin Jiang International Group and the Company and compliance with the Listing Rules.

Nature of transactions: Jin Jiang International Group and its associates shall be engaged in hotel business cooperation with the Group. Jin Jiang International Group and its associates shall entrust the Group with the management or development of relevant hotel brands in the PRC; the Group shall entrust Jin Jiang International Group and its associates with the management or development of relevant hotel brands outside the PRC.

It is envisaged that, from time to time and as required, individual implementation agreements may be entered into among the Group, Jin Jiang International Group and its subsidiaries and/or associates (if applicable). As the implementation agreements are simply further elaborations on the provision of products and services as contemplated under the Master Hotel Business Cooperation Agreement, they do not constitute a new category of connected transactions.

Pricing policy:

Jin Jiang International Group and its associates shall be engaged in hotel business cooperation with the Group. In accordance with the specific contracts signed, either party is required to pay to the other party fees calculated as a fixed percentage of its project income if it conducts hotel project development operations under the hotel brands of the other party.

Such fees shall be determined by the two parties through arm's length negotiations by reference to customary practices in the hotel industry. The relevant business terms are determined by reference to relevant terms of cooperation carried out by independent third parties.

The terms at which Jin Jiang International Group and its associates shall entrust the Group with the management or development of relevant hotel brands, so far as the Group is concerned, shall be no less favourable than the terms at which an independent third party shall entrust the Group with the management or development of relevant hotel brands.

The terms at which the Group shall entrust Jin Jiang International Group and its associates with the management or development of relevant hotel brands, so far as the Group is concerned, shall be no less favourable than the terms at which the Group shall entrust an independent third party with the management or development of relevant hotel brands.

Payment terms: Given the nature of the Master Hotel Business Cooperation Agreement as a framework agreement, the payment terms for the actual service involved shall be determined on a case-by-case basis, and the Company shall make monthly or quarterly payments in accordance with the payment terms stipulated in specific implementation agreements.

2. Historical Transaction Amounts

The Group and Jin Jiang International Group have not conducted any transactions similar to the transactions contemplated under the Master Hotel Business Cooperation Agreement. No historical transaction amounts are therefore available.

3. Annual Caps and the Basis of Annual Caps

The Board resolved to set the annual caps for the three years ending 31 December 2021, 2022 and 2023 for the continuing connected transactions under the Master Hotel Business Cooperation Agreement as set out in the table below. The Board (including the independent non-executive Directors) consider that the annual caps are fair and reasonable.

Unit: RMB million

Item	Annual caps for the relevant period		
	2021	2022	2023
Fees payable by the Group to Jin Jiang International Group and its associates	<u>35.0</u>	<u>45.0</u>	<u>55.0</u>
Fees payable by Jin Jiang International Group and its associates to the Group	<u>15.0</u>	<u>20.0</u>	<u>30.0</u>

The annual caps for continuing connected transactions conducted under the Master Hotel Business Cooperation Agreement are determined primarily by reference to the following factors: (1) the Group's development plans for its hotel business; and (2) the expected growth of domestic and overseas hotel industries.

4. Reasons for and Benefits of entering into the Transactions

The Board considers that the conduct of relevant transactions under the Master Hotel Business Cooperation Agreement and the cooperation with Jin Jiang International Group and its associates in respect of the relevant hotel business will diversify the Group's hotel brands, enlarge the Group's market shares, effectively enhance its operational efficiency, facilitate the consolidation and upgrading of Jin Jiang's hotel resources and advance the integration and development of its domestic and international hotel business.

The Board (including the independent non-executive Directors) considers that the transactions under the Master Hotel Business Cooperation Agreement are based on normal commercial terms and 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.

VII. BOARD'S APPROVAL

The Board (including the independent non-executive Directors) has approved the entering into of the Continuing Connected Transactions Agreements and their annual caps. Ms. Guo Lijuan, Mr. Chen Liming, Mr. Ma Mingju, Ms. Zhou Wei and Mr. Sun Yu, which hold positions at Jin Jiang International Group, have abstained from voting on the relevant resolutions of the Board in respect of the approval of the Continuing Connected Transactions Agreements. Save as disclosed above, none of the other Directors has a material interest in the transactions or is required to abstain from voting on the relevant resolutions of the Board.

VIII. LISTING RULES IMPLICATIONS

As Jin Jiang International Group is the controlling shareholder of the Company, Jin Jiang International Group and its associates are therefore connected persons of the Company under the Listing Rules, and the transactions contemplated under the Continuing Connected Transactions Agreements constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio for each of the continuing connected transactions contemplated under the Continuing Connected Transactions Agreements is more than 0.1% but less than 5%, each of the continuing connected transactions contemplated under the Continuing Connected Transactions Agreements are only subject to the reporting, annual review and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

IX. INFORMATION ON THE GROUP AND JIN JIANG INTERNATIONAL GROUP

Information on the Group

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 Jin Jiang International Group

Jin Jiang International Group is one of the largest hotel and tourism conglomerates in terms of scale in the PRC and is 100% held by Shanghai State-owned Assets Supervision and Administration Commission.

X. DEFINITIONS

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

“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
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions Agreements”	the Master Provision of Hotel Rooms Agreement, Master Property Leasing Agreement, Master Electronic Commerce Service Agreement, Master Provision of Catering Services and Food Agreement and Master Hotel Business Cooperation Agreement, collectively
“controlling shareholder”	has the meaning ascribed to such term under the Listing Rules
“Directors”	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 reservation and sales services by electronic commerce platforms as well as WeHotel Membership Programme
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Jiang International Group”	Jin Jiang International Holding Company Limited (錦江國際(集團)有限公司), the controlling shareholder of the Company which is interested in 75% issued share capital of the Company
“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 Group on 30 April 2021, the details of which are disclosed in this announcement
“Master Hotel Business Cooperation Agreement”	the Master Hotel Business Cooperation Agreement entered into between the Company and Jin Jiang International Group on 30 April 2021, the details of which are disclosed in this announcement
“Master Property Leasing Agreement”	the Master Property Leasing Agreement entered into between the Company and Jin Jiang International Group on 30 April 2021, the details of which are disclosed in this announcement
“Master Provision of Catering Services and Food Agreement”	the Master Provision of Catering Services and Food Agreement entered into between the Company and Jin Jiang International Group on 30 April 2021, the details of which are disclosed 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 Group on 30 April 2021, the details of which are disclosed in this announcement
“percentage ratio(s)”	has the meaning ascribed to such terms under the Listing Rules
“PRC”	the People’s Republic of China
“Previous Master Electronic Commerce Service Agreement”	the Master Electronic Commerce Service Agreement, entered into between the Company and Jin Jiang International Group on 29 December 2018

“Previous Master Property Leasing Agreement”	the Master Property Leasing Agreement entered into between the Company and Jin Jiang International Group on 26 April 2018
“Previous Master Provision of Catering Services and Food Agreement”	the Master Provision of Catering Services and Food Agreement entered into between the Company and Jin Jiang International Group on 26 April 2018
“Previous Master Provision of Hotel Rooms Agreement”	the Master Provision of Hotel Rooms Agreement entered into between the Company and Jin Jiang International Group on 26 April 2018
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

Shanghai, the PRC, 30 April 2021

As at the date of this announcement, the executive Directors are 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**”.*