



## 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: 2006)

### OVERSEAS REGULATORY ANNOUNCEMENT

This announcement is issued pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The following announcement will be released on 29 January 2007 in Shanghai by Shanghai Jin Jiang International Hotels Development Company Limited (the "Company"), which is a subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited and whose A shares and B shares are listed on the Shanghai Stock Exchange:

---

#### **Shanghai Jin Jiang International Hotels Development Company Limited Announcement in respect of the Connected Transaction relating to Increase in Capital Contribution to Shanghai Jin Jiang International Hotel Investment Company Limited**

The Company and all members of the Board of Directors (the "Board") hereby warrant that the information contained in this announcement is true, accurate and complete and jointly and severally accept responsibility for any misrepresentations, misleading statements or material omissions herein.

#### **IMPORTANT NOTES:**

- 1. Particulars of the Transaction:** The increase in capital contribution to be made by the Company to Shanghai Jin Jiang International Hotel Investment Company Limited shall be partly by the transfer of entire assets of and equity interests in certain budget hotels owned by the Company and partly in cash.
- 2. Abstention of connected persons:** Five directors of the Company who hold positions in Jin Jiang International Holdings Company Limited and/or Shanghai Jin Jiang International Hotels (Group) Company Limited, have abstained from voting at the Board meeting of the Company.

#### **I. Connected transaction: Summary**

On 26 January 2007, the Company entered into the "Agreement relating to Increase in Capital Contribution to Shanghai Jin Jiang International Hotel Investment Company Limited (the "Hotel Investment Company")" with Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Hotel Group") in Shanghai, pursuant to which the increase in capital contribution to be made by the Company to the Hotel Investment Company shall be partly by the transfer of entire assets of and equity interests in certain budget hotels owned by the Company and partly in cash.

As the Hotel Group is the controlling shareholder of the Company, the transaction constitutes a connected transaction.

The seventh meeting of the fifth session of the Board of the Company considered and passed the resolution in respect of the increase in capital contribution to the Hotel Investment Company. Pursuant to the requirements of the Stock Listing Rules of the Shanghai Stock Exchange, five directors of the Company who hold positions in Jin Jiang International Holdings Company Limited, the de facto controller of the Company, and/or the Hotel Group, have abstained from voting at the Board meeting of the Company and the said resolution was unanimously passed by the remaining directors.

The matter relating to the proportional increase in capital contribution by instalments to the registered capital of the Hotel Investment Company by the Company and the controlling shareholder was considered and passed at the first extraordinary general meeting of shareholders of the Company in 2005 held on 2 November 2005.

## **II. Connected person: general information**

The Hotel Group was established in June 1995, registered capital: RMB3.3 billion; registered office: Room 316–318, 24 Yang Xin Dong Road, Shanghai; legal representative: Yu Minliang; type of enterprise: joint stock company with limited liability; business scope: management of corporate investment, domestic trade, leasing of self-owned offices and apartments, technical training and consultancy of related projects (where any of the above scope of business involves operation permits, rely on an operation permit to operate).

## **III. Connected transaction: main particulars**

Established in December 2004, the Hotel Investment Company has a registered capital of RMB300 million which was contributed by the Company and the Hotel Group in their respective proportions of 20% and 80%. In order to accelerate the expansion of a nationwide coverage of the “Jin Jiang Inn” budget hotel chain, the Company has decided to increase, together with the Hotel Group, their capital contributions to the Hotel Investment Company in proportion to their respective current shareholdings.

The increase in capital contribution to be made by the Company to the Hotel Investment Company shall be partly by the transfer of entire assets of and equity interests in certain budget hotels owned by the Company and partly in cash. The entire assets of budget hotels shall include: Shanghai Jin Jiang International Hotels Development Company Limited Beijing Jin Ya Hotel, Shanghai Jin Jiang International Hotels Development Company Limited Shenyang Jin Ya Hotel, Shanghai Jin Jiang International Hotels Development Company Limited Changzhou Jin Chang Branch and Shanghai Jin Jiang International Hotels Development Company Limited Changchun Branch; and the equity interests in budget hotels shall include: 95% equity interest in Shanghai Jin Ya Hotel Company Limited; 50% equity interest in Tianjin Jin Jiang Inn Company Limited and 50% equity interest in Qingdao Jin Jiang Inn Company Limited.

The total book value of the said entire assets and equity interests as at 31 October 2006 was RMB217.3861 million. The appraised value of such entire assets and equity interests was RMB274.4211 million as per the appraisal made by Orient Appraisal Co., Limited, with the reference date of the appraisal being 31 October 2006. The increase in capital contribution of RMB275 million to be made by the Company to the Hotel Investment Company shall be RMB274.4211 million in the form of the appraised value of the said entire assets and equity interests and RMB0.5789 million in cash, of which RMB185 million shall be for subscription to the increase in the registered capital and RMB90 million for contribution to the capital reserve of the Hotel Investment Company.

Meanwhile, in accordance with its current shareholding, the Hotel Group will inject capital of RMB1.1 billion to the Hotel Investment Company in cash, of which RMB740 million shall be for subscription to the increase in the registered capital and RMB360 million for the contribution to the capital reserve of the Hotel Investment Company.

Subsequent to the completion of the increase in capital contribution, the registered capital of the Hotel Investment Company shall be increased to RMB1.225 billion.

#### **IV. Effects of the connected transaction on the Company**

The increase in capital contribution to the Hotel Investment Company by the Company shall be beneficial to accelerating the expansion of a nationwide coverage of the “Jin Jiang Inn” budget hotel chain as well as the overall integration of the existing hotel investment business of the Company, and shall further establish a more clear development direction of the Company focusing on hotel management business.

#### **V. Opinion of the Independent Directors**

Having undergone due deliberation on the connected transaction of the Company in respect of the increase in capital contribution to the Hotel Investment Company, the independent directors of the Company are of the unanimous opinion that the decision-making and voting processes of the connected transaction have complied with the requirements of the provisions of the Stock Listing Rules of the Shanghai Stock Exchange and other rules and the connected transaction was not detrimental to the interests of the minority shareholders of the Company. Please refer to the annex for details of the opinion of the independent directors.

#### **VI. Documents available for inspection**

1. The resolutions of the seventh meeting of the fifth session of the Board of the Company;
2. The opinion of the independent directors signed by the independent directors;
3. The Agreement relating to the Increase in Capital Contribution to Shanghai Jin Jiang International Hotel Investment Company Limited;
4. The appraisal report Hu Dong Zhou Zi Ping Bao Zi No. DZ070017111 issued by Orient Appraisal Co., Limited which shall be filed for record with relevant authorities.

By Order of the Board of  
**Shanghai Jin Jiang International Hotels Development Company Limited**

29 January 2007

ANNEX:

**The Opinion of the Independent Directors  
in respect of the Increase in Capital Contribution to  
Shanghai Jin Jiang International Hotel Investment Company Limited  
by Shanghai Jin Jiang International Hotels Development Company Limited**

We, being the independent directors of Shanghai Jin Jiang International Hotels Development Company Limited (the “Company”), have reviewed and examined the documents related to the increase in capital contribution to Shanghai Jin Jiang International Hotel Investment Company Limited (the “Hotel Investment Company”) by the Company and Shanghai Jin Jiang International Hotels (Group) Company Limited in proportion to their respective current shareholdings and hereby give our opinion in respect of the connected transaction as follows:

We hereby agree to the increase in capital contribution to the Hotel Investment Company by the Company. The increase in capital contribution to the Hotel Investment Company shall be beneficial to accelerating the expansion of a nationwide coverage of the “Jin Jiang Inn” budget hotel chain as well as the overall integration of the existing hotel investment business of the Company, and shall further establish a more clear development direction of the Company focusing on hotel management business.

The decision-making and voting processes of the connected transaction have complied with the requirements of the provisions of the Stock Listing Rules of the Shanghai Stock Exchange and other rules and the Company shall disclose such information in a timely manner. The seventh meeting of the fifth session of the Board of the Company has considered and approved the connected transaction with five directors of the Company who hold positions in Jin Jiang International Holdings Company Limited and/or Shanghai Jin Jiang International Hotels (Group) Company Limited, having abstained from voting. The connected transaction is not detrimental to the interests of the minority shareholders of the Company.

**Wang Fanghua  
Dai Jixiong  
Zhang Fubo  
Lu Xiongwen  
Yu Binyan**  
*Independent Directors*

29 January 2007

---

By Order of the Board of  
**Shanghai Jin Jiang International Hotels (Group) Company Limited**  
**Kang Ming, Yuen Chin Yau**  
*Joint Company Secretaries*

Shanghai, the People’s Republic of China  
26 January 2007

*As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Chen Hao, Mr. Yuan Gongyao, Mr. Xu Zurong, Mr. Han Min and Mr. Kang Ming, the non-executive Director is Mr. Shen Maoxing, and the independent non-executive Directors are Mr. Ji Gang, Mr. Xia Dawei, Mr. Sun Dajian, Mr. Rui Mingjie, Mr. Yang Menghua, Mr. Tu Qiyu, Mr. Shen Chengxiang and Mr. Lee Chung Bo.*

*\* This company is registered as an oversea company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name “Shanghai Jin Jiang International Hotels (Group) Company Limited”.*

*Please also refer to the published version of this announcement in **South China Morning Post**.*