
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this Circular or as to what action to take in relation to this Circular, you should consult appropriate independent advisers to obtain independent professional advice.

If you have sold or transferred all your shares in **Shanghai Jin Jiang International Hotels (Group) Company Limited**, you should at once hand this Circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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: 2006)

DISCLOSEABLE TRANSACTION: CAPITAL INJECTION INTO

上海錦江國際旅館投資有限公司

(SHANGHAI JIN JIANG INTERNATIONAL HOTEL INVESTMENT COMPANY LIMITED)

* The 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".

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DEFINITIONS

In this Circular, unless the context otherwise requires, the following expressions have the following meanings:

“Agreement”	the capital increase agreement entered into by and between the Company and Jin Jiang Hotels Development on 26 January 2007 in relation to the injection of capital into Jin Jiang International Hotel Investment
“associates”	has the meaning ascribed to such term under the Listing Rules
“Board”	the board of directors of the Company
“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, of which 1,391,500,000 H shares are listed on the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jin Jiang Hotels Development”	上海錦江國際酒店發展股份有限公司 (Shanghai Jin Jiang International Hotels Development Company Limited), a non-wholly owned subsidiary of the Company which is incorporated as a joint stock limited company in the PRC and whose A shares and B shares are listed on the Shanghai Stock Exchange as at the Latest Practicable Date
“Jin Jiang Inn”	錦江之星旅館有限公司 (Jin Jiang Inn Company Limited), a non-wholly owned subsidiary of the Company which is incorporated as a limited liability company in the PRC
“Jin Jiang Inn Shareholders’ Agreement”	a shareholders’ agreement dated 16 November 2006 entered into between the Company, Jin Jiang Hotels Development and 32 individuals, as referred to in the sections headed “Connected Transactions”, “Directors, Supervisors, Senior Management, Staff and Compliance Adviser — Senior Management Incentive Scheme” and “Statutory and General Information — Summary of Material Contracts” in the Prospectus
“Jin Jiang Inn Budget Hotel”	budget hotels in which the Group holds Substantial Hotel Interests and managed by Jin Jiang Inn, or which are owned by third parties to which Jin Jiang Inn has granted a franchise
“Jin Jiang International Hotel Investment”	上海錦江國際旅館投資有限公司 (Shanghai Jin Jiang International Hotel Investment Company Limited), a non-wholly owned subsidiary of the Company which is incorporated as a limited liability company in the PRC

DEFINITIONS

“Latest Practicable Date”	means 12 February, 2007, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
“Listing”	the listing of the Company’s H shares on the Main Board of the Stock Exchange, which commenced on 15 December 2006
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus dated 30 November 2006 issued by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Hotel Interests”	the equity interests held by the Group in companies engaged in hotel operations which are jointly controlled entities or subsidiaries of the Company

The exchange rate adopted in this Circular for illustration purposes only is HK\$1 = RMB0.996.

LETTER FROM THE BOARD



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)

Executive Directors:

Yu Minliang
Chen Wenjun
Yang Weimin
Chen Hao
Yuan Gongyao
Xu Zurong
Han Min
Kang Ming

Non-Executive Director:

Shen Maoxing

Independent non-executive Directors:

Ji Gang
Xia Dawei
Sun Dajian
Rui Mingjie
Yang Menghua
Tu Qiyu
Shen Chengxiang
Lee Chung Bo

Legal Address:

Room 316–318
No. 24 Yang Xin Dong Road
Shanghai
The PRC

*Principal place of business
in Hong Kong:*

Room 3203, 32nd Floor
Shun Tak Centre
West Tower
200 Connaught Road Central
Hong Kong

16 February 2007

* The Company is registered as an overseas 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".

To the Shareholders:

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION: CAPITAL INJECTION INTO

上海錦江國際旅館投資有限公司

(SHANGHAI JIN JIANG INTERNATIONAL HOTEL INVESTMENT COMPANY LIMITED)

1. INTRODUCTION

On 26 January 2007, the Board announced that the Company entered into the Agreement with Jin Jiang Hotels Development, a 50.15% owned subsidiary of the Company. Pursuant to the Agreement, the Company and Jin Jiang Hotels Development agreed to inject capital into Jin Jiang International Hotel Investment in proportion to their respective current shareholding in such company.

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The purpose of this Circular is to provide you with further details of the transaction contemplated under the Agreement.

2. THE AGREEMENT

Date:

26 January 2007

Parties:

(A) The Company;

(B) Jin Jiang Hotels Development, a 50.15% owned subsidiary of the Company

Capital Injection

Under the Agreement, the Company and Jin Jiang Hotels Development have agreed to inject capital into Jin Jiang International Hotel Investment, a subsidiary of the Company which is 80% directly owned by it, in the following manner:

	Contribution to the registered capital <i>(RMB)</i>	Contribution to the capital reserve <i>(RMB)</i>	Total Amount <i>(RMB)</i>
The Company	740,000,000 (equivalent to approximately HK\$742,971,888)	360,000,000 (equivalent to approximately HK\$361,445,783)	1,100,000,000 (equivalent to approximately HK\$1,104,417,671)
Jin Jiang Hotels Development	185,000,000 (equivalent to approximately HK\$185,742,972)	90,000,000 (equivalent to approximately HK\$90,361,446)	275,000,000 (equivalent to approximately HK\$276,104,418)

The above capital contributions to be made by the Company shall be in cash. The above capital contributions to be made by Jin Jiang Hotels Development shall be in cash and by the transfer of assets of and equity interest in certain budget hotels.

The total capital contribution by the Company is RMB1,100,000,000 (equivalent to approximately HK\$1,104,417,671). The Company intends to partly satisfy this amount by using the amount of HK\$1,091.6 million from the net proceeds of the Listing as mentioned in the prospectus of the Company dated 30 November 2006. In light of the appreciation of Renminbi against Hong Kong Dollar, the Renminbi equivalent amount of HK\$1,091.6 million is expected to be less than RMB1,100,000,000 (equivalent to approximately HK\$1,104,417,671). Therefore, the Company will satisfy any such shortfall using its internal resources.

The total capital contribution by Jin Jiang Hotels Development is RMB275,000,000 (equivalent to approximately HK\$276,104,418). Jin Jiang Hotels Development intends to partly satisfy this amount by transferring assets of and equity interests in certain budget hotels at their total appraised

LETTER FROM THE BOARD

value as at 31 October 2006 of RMB274,421,100 (equivalent to approximately HK\$275,523,193). For the remaining amount of RMB578,900 (equivalent to approximately HK\$581,225), Jin Jiang Hotels Development intends to contribute cash from its internal resources.

Hotel Assets

All the assets and liabilities of the budget hotels known as 北京西客站店 (Beijing West Railway Station Inn), 瀋陽北陵店 (Shenyang Beiling Inn), 常州吊橋路店 (Changzhou Diaoqiao Road Inn) and 長春會展中心店 (Changchun Exhibition Center Inn), which are 100% owned by the following branch companies of Jin Jiang Hotels Development respectively, shall be transferred: 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 (“the Hotel Assets”).

For the year ended 31 December 2006, the aggregate unaudited net profit before taxation attributable to the Hotel Assets as prepared in accordance with the generally accepted accounting principles in the PRC was approximately RMB8.4 million (approximately HK\$8.4 million). For the year ended 31 December 2006, no tax was payable on such net profit because Beijing West Railway Station Inn had a tax concession and was not required to pay any tax on its net profit, Shenyang Beiling Inn incurred a net loss and the two remaining hotels, namely Changzhou Diaoqiao Road Inn and Changchun Exhibition Center Inn did not commence operation in that financial year.

For the year ended 31 December 2005, the aggregate unaudited net profit before taxation and after taxation attributable to the Hotel Assets as prepared in accordance with the generally accepted accounting principles in the PRC was approximately RMB0.5 million (approximately HK\$0.5 million) and RMB0.2 million (approximately HK\$0.2 million) respectively.

Equity Interests

Equity interests in the following budget hotels shall be transferred: 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 “Equity Interests”). Before and after the transfer of the Equity Interests, the direct shareholding interest in such companies held by the Group remains unchanged.

For the year ended 31 December 2006, the aggregate unaudited net profit before taxation and after taxation of Shanghai Jin Ya Hotel Company Limited, Tianjin Jin Jiang Inn Company Limited and Qingdao Jin Jiang Inn Company Limited as prepared in accordance with the generally accepted accounting principles in the PRC were approximately RMB1.3 million (approximately HK\$1.3 million) and approximately RMB0.8 million (approximately HK\$0.8 million) respectively.

For the year ended 31 December 2005, the audited net profit before taxation and after taxation of Shanghai Jin Ya Hotel Company Limited was approximately RMB0.6 million (approximately HK\$0.6 million) and RMB0.2 million (approximately HK\$0.2 million) respectively. Tianjin Jin Jiang Inn Company Limited and Qingdao Jin Jiang Inn Company Limited did not commence operation during that financial year.

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Valuation

According to the valuation report Hu Dong Zhou Zi Ping Bao Zi No. DZ070017111 issued by Orient Appraisal Co., Limited, an independent valuer, on 25 January 2007, the appraised value of the Hotel Assets and the Equity Interests as at 31 October 2006 were as follows:

Hotel Assets/Equity Interests	Appraised Value <i>RMB</i>
Beijing West Railway Station Inn	114,490,000
Changchun Exhibition Center Inn	29,484,800
Shenyang Beiling Inn	37,540,000
Changzhou Diaoyao Road Inn	16,514,600
95% equity interest in Shanghai Jin Ya Hotel Company Limited	46,569,000
50% equity interest in Qingdao Jin Jiang Inn Company Limited	12,625,000
50% equity interest in Tianjin Jin Jiang Inn Company Limited	17,197,700

Completion

Under the Agreement, the Company and Jin Jiang Hotels Development have agreed to fully effect their respective capital contributions within half a year after the signing of the Agreement. No conditions are attached to the capital injection and there is no long stop date for the fulfilment of conditions for the capital injection.

Shareholding

As at the Latest Practicable Date, the Company holds a 80% equity interest and Jin Jiang Hotels Development holds the remaining 20% equity interest in Jin Jiang International Hotel Investment. The Company's shareholding and Jin Jiang Hotels Development's shareholding in Jin Jiang International Hotel Investment will remain unchanged at 80% and 20% respectively, after completion of the capital injection.

3. REASONS FOR ENTERING INTO THE AGREEMENT

Jin Jiang International Hotel Investment is principally engaged in investing in Jin Jiang Inn Budget Hotels. In order to expand the coverage of Jin Jiang Inn Budget Hotels in the PRC, Jin Jiang International Hotel Investment needs additional capital from its shareholders. Therefore, the Company and Jin Jiang Hotels Development have entered into the Agreement to inject capital into Jin Jiang International Hotel Investment.

The Board also confirms that the transaction contemplated under the Agreement was entered into on normal commercial terms and on terms that are fair and reasonable, in the interests of the Company and its Shareholders as a whole.

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4. INFORMATION ON THE GROUP, JIN JIANG HOTELS DEVELOPMENT, JIN JIANG INTERNATIONAL HOTEL INVESTMENT, JIN JIANG INTERNATIONAL AND JIN JIANG INN BUDGET HOTELS

- (i) The Group is principally engaged in Star-rated hotel operation and management, budget hotel operation and franchising, restaurant operation and other hotel-related businesses.
- (ii) Jin Jiang Hotels Development is principally engaged in Star-rated hotel management operations and chain restaurants operation. Its A shares and B shares are listed on the Shanghai Stock Exchange and the remaining shareholders of Jin Jiang Hotels Development are holders of shares in circulation.
- (iii) Jin Jiang International Hotel Investment is principally engaged in investing in Jin Jiang Inn Budget Hotels.
- (iv) Jin Jiang International is an investment holding company and its investee companies are principally engaged in hotel operation and management, travel, passenger transportation and food and beverages.
- (v) Jin Jiang Inn Budget Hotels

The Group's Jin Jiang Inn Budget Hotel business principally consists of the operation of Jin Jiang Inn Budget Hotels in which the Group holds equity interests and the franchising of the "Jin Jiang Inn" brand name to the Jin Jiang Inn Budget Hotels owned by third party hotel owners. Jin Jiang International Hotel Investment is mainly responsible for investing in Jin Jiang Inn Budget Hotels; whereas Jin Jiang Inn is mainly responsible for the operation and franchising businesses. All of the Jin Jiang Inn Budget Hotels are operated under the business model and standards adopted by Jin Jiang Inn. For more information regarding Jin Jiang Inn Budget Hotels, please refer to the Prospectus.

5. OVERSEAS REGULATORY ANNOUNCEMENT

Since the Company is the controlling shareholder of Jin Jiang Hotels Development, the Agreement constitutes a connected transaction of Jin Jiang Hotels Development under the relevant PRC rules and regulations. Please refer to the Overseas Regulatory Announcement released by the Company in Hong Kong on 29 January 2007.

6. FINANCIAL EFFECT

The following sets out the financial effects on the Group as a result of the capital injection:

Cash position

As at 30 June 2006, the Group had cash and bank deposits of approximately RMB826.8 million (equivalent to approximately HK\$830.1 million). The Board anticipates that the cash position of the Group will remain unchanged upon completion of the capital injection.

LETTER FROM THE BOARD

Net Asset Value

As at 30 June 2006, the consolidated net asset value of the Group was approximately RMB4,211.2 million (equivalent to approximately HK\$4,228.1 million). The Board anticipates that the net asset value of the Group will remain unchanged upon completion of the capital injection.

Net Profit

The consolidated net profit attributable to the equity holders of the Company for the year ended 31 December 2005 was approximately RMB312.8 million (equivalent to approximately HK\$314.1 million). The Board anticipates that the consolidated net profit attributable to the equity holders of the Company will be enhanced as a result of the increase in attributable interests in the Hotel Assets and the Equity Interests (the Hotel Assets and the Equity Interests will be transferred from a 50.15% owned subsidiary to a 90.03% owned subsidiary) upon completion of the capital injection.

7. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this Circular.

Yours faithfully,

By order of the Board of

Shanghai Jin Jiang International Hotels (Group) Company Limited

Kang Ming, Yuen Chin Yau

Joint Company Secretaries

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS

(a) Interests in shares or underlying shares of the Company

As at the Latest Practicable Date, none of the Directors, chief executive or supervisors of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he or she is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Issuers (which shall be deemed to apply to the Company's supervisors to the same extent as it applies to the Directors).

(b) Interests in shares or underlying shares of associated corporations

(i) *Jin Jiang Inn Company Limited* (“*Jin Jiang Inn*”) 錦江之星旅館有限公司

As at the Latest Practicable Date, three Directors namely Xu Zurong, Yang Weimin and Chen Hao held the following equity interest in Jin Jiang Inn:

Name	Equity interest in Jin Jiang Inn	Nature of interests	Capacity	Percentage in total registered capital of Jin Jiang Inn
Xu Zurong	2,594,600 ^(Note 1)	Long Position	Beneficial owner	1.4438% ^(Note 1)
	2,594,600 ^(Note 2)	Short Position	Beneficial owner	1.4438% ^(Note 2)
Yang Weimin	1,729,730 ^(Note 1)	Long Position	Beneficial owner	0.9625% ^(Note 1)
	1,729,730 ^(Note 2)	Short Position	Beneficial owner	0.9625% ^(Note 2)
Chen Hao	1,729,730 ^(Note 1)	Long Position	Beneficial owner	0.9625% ^(Note 1)
	1,729,730 ^(Note 2)	Short Position	Beneficial owner	0.9625% ^(Note 2)

Notes:

- These figures represent the respective equity interest in Jin Jiang Inn of these Directors. In addition, under the Jin Jiang Inn Shareholders' Agreement, in the event new equity interest is issued by Jin Jiang Inn, each of these Directors has been granted pre-emptive rights over such new equity interest in proportion to his respective equity interest in Jin Jiang Inn. Please refer to the section headed “Connected Transactions — Jin Jiang Inn Shareholders' Agreement” in the Prospectus for more information.
- Pursuant to the Jin Jiang Inn Shareholder's Agreement, each of these Directors has granted to (a) the Company rights of first refusal to purchase his respective equity interest in Jin Jiang Inn if he intends to transfer his said equity interest; and (b) the Company (or a third party designated by the Company) buy back rights to purchase his equity interest in Jin Jiang Inn after the occurrence of certain events. Under the

articles of association of Jin Jiang Inn, the Company and Jin Jiang Hotels Development have also been granted certain rights of first refusal over the equity interests held by these Directors in Jin Jiang Inn if they intend to transfer their said respective equity interests. Please refer to the section headed “Connected Transactions — Jin Jiang Inn Shareholders’ Agreement” in the Prospectus for more information.

(ii) *Jin Jiang Hotels Development*

As at the Latest Practicable Date, Yu Minliang, a Director of the Company, held the following number of shares in Jin Jiang Hotels Development:

Name	No. of shares held in Jin Jiang Hotels Development	Nature of interests	Capacity	Percentage in total share capital of Jin Jiang Hotels Development
Yu Minliang	14,305	Long Position	Beneficial owner	0.0024%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors or chief executive(s) of the Company has any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Directors, supervisors or chief executive(s) is taken or deemed to have under such provisions of the SFO) or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code of Securities Transaction by Directors of Listed Issuers (which shall be deemed to apply to the Company’s supervisors to the same extent as it applies to the Directors).

Mr. Yu Minliang, Mr. Shen Maoxing and Ms. Chen Wenjun hold the following positions in Jin Jiang International Holdings Company Limited (“Jin Jiang International”):

- (a) Mr. Yu Minliang is the chairman, chief executive officer and chairman of the board’s executive committee of Jin Jiang International.
- (b) Mr. Shen Maoxing is a vice chairman, chief operation officer and executive president of Jin Jiang International.
- (c) Ms. Chen Wenjun is a director and senior vice-president of Jin Jiang International.

As at the Latest Practicable Date, Jin Jiang International is the controlling shareholder of the Company, whose interest or short position in the Company’s shares and underlying shares would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with the Company for a term expiring upon the conclusion of the annual general meeting of the Company to be held in 2009. Either party to each service contract is entitled to terminate the service contract by giving not less than 3 months' written notice to the other party. Except for remuneration, particulars of the service contracts (including confidentiality and non-competition undertakings) are in all material aspects the same.

Under the service contracts entered into between the Company and each of the executive Directors and the non-executive Director, no remuneration is payable by the Company. In relation to the independent non-executive Directors, an annual remuneration of RMB100,000 is payable by the Company to each of them. The remuneration of the independent non-executive Directors was determined in accordance with prevailing market rates and the responsibilities of the independent non-executive Directors.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

To the best knowledge of the Directors, none of the Directors or their respective associates has any interests in a business, which competes or may compete with the business of the Group.

5. SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) Substantial Shareholders' Interests in shares or underlying shares of the Company:

As at the Latest Practicable Date, so far as is known to the Directors, supervisors or chief executive(s) of the Company, the following persons (other than a Director, supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
Jin Jiang International	Domestic shares	3,173,500,000	Beneficial owner and controlled corporation (Note 1)	100%	69.52%
全國社會保障基金理事會	H shares	110,156,000	Beneficial owner	7.92%	2.41%
JJ Co-Invest Holdings Limited	H Shares	106,170,000	Beneficial owner (Note 2)	7.63	2.33
Hotel JJ Holdings Limited	H Shares	106,170,000	Controlled corporation (Note 2)	7.63	2.33
SCG Hotel Management, L.L.C.	H Shares	106,170,000	Controlled corporation (Note 2)	7.63	2.33
Starwood Capital Group Global, L.L.C.	H Shares	106,170,000	Controlled corporation (Note 2)	7.63	2.33

Name of shareholder	Class of shares	Number of shares/ underlying shares held	Capacity	Percentage in the relevant class of share capital	Percentage in total share capital
Barry S. Sternlicht	H Shares	106,170,000	Controlled corporation (Note 2)	7.63	2.33
中央滙金投資有限責任公司 (Central SAFE Investments Limited) ("CSIL")	H shares	70,780,000	Controlled corporation (Note 3)	5.09%	1.55%
Li Kwok Po, David	H shares	70,780,000	Controlled corporation	5.09%	1.55%
South Valley Holdings Limited	H shares	70,780,000	Beneficial owner	5.09%	1.55%

Notes:

- (1) According to the form filed by Jin Jiang International, 3,014,825,000 domestic shares are beneficially held by it and 158,675,000 domestic shares are held through a controlled corporation.
- (2) The Company has been informed that: (i) JJ Co-Invest Holdings Limited is ultimately 100% owned by investment funds, which are controlled by Starwood Capital Group Global, L.L.C., which is in turn controlled by Mr. Barry S. Sternlicht; (ii) JJ Co-Invest Holdings Limited is a non wholly owned subsidiary of Hotel JJ Holdings Limited, which is owned by certain of such Starwood Capital investment funds of which SCG Hotel Management, L.L.C. is general partner; and (iii) SCG Hotel Management, L.L.C. is controlled by Starwood Capital Group Global, L.L.C., which is in turn controlled by Mr. Barry S. Sternlicht.
- (3) According to the form filed by CSIL, these H shares are directly held by Will Rich Investments Ltd.

Save as disclosed above and so far as the Directors, supervisors or chief executive(s) of the Company are aware, as at the Latest Practicable Date, no other person had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10 per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

(b) Substantial Shareholders' interests in shares/underlying shares of other members of the Group

As at the Latest Practicable Date, so far as the Directors, supervisors or chief executive(s) of the Company are aware, each of the following persons, not being (i) a Director, supervisor or chief executive of the Company; or (ii) a member of the Group, were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of subsidiary	Name of shareholder	Percentage of shareholding
上海錦花旅館有限公司 (Shanghai Jinhua Hotel Co., Ltd.)	上海花木經濟發展總公司 (Shanghai Huamu Economic Development Company Limited)	20%
揚州錦揚旅館有限公司 (Yangzhou Jinyang Hotel Co., Ltd.)	揚州市雙橋鄉農工商總公司 (Yangzhou Shuangqiao Town NGS Co., Ltd.)	25%
上海錦海旅館有限公司 (Shanghai Jinhai Hotel Co., Ltd.)	閔行區商業建設公司 (Minhang Commercial Construction Co., Ltd.)	30%
蘇州新區錦獅旅館有限公司 (Suzhou New Area Jinshi Hotel Co., Ltd.)	蘇州新區獅山農工商總公司 (Suzhou Shishan Industry & Commercial Co., Ltd.)	40%
南京錦綉旅館有限公司 (Nanjing Jinxu Hotel Co., Ltd.)	上海浦東新區合慶綉品服裝(集團)有限公司 (Shanghai Pudong Heqing Embroidery Clothing (Group) Co., Ltd.)	40%
上海新苑賓館 (Shanghai New Garden Hotel)	上海鑫達實業總公司 (Shanghai Xinda Industrial Co., Ltd.)	43%
上海海侖賓館有限公司 (Sofitel Hyland Shanghai)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	33.33%
上海建國賓館 (Jian Guo Hotel)	上海國際集團投資管理有限公司 (SIG Investment Management Co., Ltd.)	35%
上海錦江飯店發展有限公司 (Shanghai Jin Jiang Hotels Development Co., Ltd.)	上海錦江飯店實業有限公司 (Shanghai Jin Jiang Hotel Industries Company Limited)	10%

Name of subsidiary	Name of shareholder	Percentage of shareholding
北京錦江北方物業管理有限公司 (Beijing Jin Jiang Northern Property Management Company Limited)	北京市崑崙經貿公司 (Beijing Kun Lun Economy & Trade Company Limited)	20%
澳大利亞新亞大包快餐(連鎖)有限公司 (New Asia Chains of Snack (Australia) PTY. Ltd.)	英華進出口有限公司 (Ying Hua Import & Export Pty Limited)	45%
上海錦江同樂餐飲管理有限公司 (Shanghai Jin Jiang Tung Lok Catering Management Inc.)	新加坡同樂(中國)控股有限公司 (Tung Lok (China) Holdings Pte. Ltd)	49%
上海九龍賓館有限公司 (Shanghai Jiu Long Hotel Company Limited)	上海綠地商業(集團)有限公司 (Shanghai Greenland Business Group Co., Ltd.)	45%

Save as disclosed above and so far as the Directors, supervisors or chief executive(s) of the Company are aware, as at the Latest Practicable Date, no other person, not being (i) a Director, supervisor or chief executive of the Company; or (ii) a member of the Group, were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

6. LITIGATION

上海建國賓館 (Jian Guo Hotel) against 中國銀河證券有限責任公司上海肇嘉濱路證券營業部 (Shanghai Zhaojiabang Road Securities Department of China Galaxy Securities Company Limited).

On 10 January 2005, Jian Guo Hotel (the plaintiff), a subsidiary of the Company, filed a Claim in Shanghai No. 1 Intermediate People's Court against Shanghai Zhaojiabang Road Securities Department of China Galaxy Securities Company Limited (the defendant) regarding a dispute over bill settlement between the two parties. Shanghai No. 1 Intermediate People's Court accepted the case and thereafter issued Civil Judgment ([2005] Hu Yi Zhong Min San (Shang) Chu Zi Di No. 45) on 25 April 2005, deciding that the defendant shall repay RMB14,684,474.71 and the interest thereupon from 30 September 2004 to the date of actual payment. Subsequent to the judgment of the first trial, the defendant filed a petition for appeal to Shanghai High People's Court, which issued Civil Final Determination ([2005] Hu Gao Min Er (Shang) Zhong Zi Di No. 143) on 26 July 2005 to suspend the trial due to the notice from the Supreme People's Court that all the lawsuits against China Galaxy Securities Company Limited should be suspended for trial.

Save as disclosed above, the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance, and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company that would have material effect on the Company's results of operations or financial position.

7. MISCELLANEOUS

- (a) The joint company secretary and qualified accountant of the Company is Mr. Yuen Chin Yau (袁阡佑). Mr. Yuen is a fellow of The Chartered Institute of Management Accountants (U.K.), a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants (U.K.), a fellow of The Institute of Chartered Secretaries and Administrators (U.K.), a fellow of Hong Kong Institute of Chartered Secretaries and a member of Australian Institute of Company Directors.

The joint company secretary of the Company is Mr. Kang Ming (康鳴). Mr. Kang holds a Master Degree in Economics from the Shanghai University of Finance and Economics, and is a senior accountant and a council member of Shanghai Society of Finance China. Mr. Kang was previously the board secretary of Jin Jiang Hotels Development, the A Shares and B Shares of which are listed on the Shanghai Stock Exchange.

- (b) The legal address of the Company is Room 316–318, No. 24 Yang Xin Dong Road, Shanghai, the PRC.
- (c) The Hong Kong H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Rooms 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The English text of this Circular shall prevail over the Chinese text in case of any inconsistency.