



**Shanghai Jin Jiang International Hotels (Group) Company Limited\***  
**上海錦江國際酒店(集團)股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02006)**

**RIGHTS OVER EXCLUDED HOTEL BUSINESSES AND NEW UNION**

The Board is pleased to announce that, in accordance with the arrangements disclosed in the Prospectus, a meeting of the INEDs was held on 19 December 2008 to consider whether to exercise the relevant Rights over the Excluded Hotel Businesses and New Union under the Deed of Non-Competition granted to the Company by Jin Jiang International.

The INEDs present at the meeting decided not to exercise the relevant Rights over the Excluded Hotel Businesses and New Union under the Deed of Non-Competition granted to the Company by Jin Jiang International at this stage for reasons set out below.

In accordance with the arrangements disclosed in the Prospectus, the INEDs held the fourth independent board committee meeting for 2008 on 19 December 2008 to review the proposal in respect of the latest situation of the Excluded Hotel Businesses and New Union as at the end of the third quarter of 2008 and to consider whether to exercise the relevant Rights over the Excluded Hotel Businesses and New Union under the Deed of Non-Competition granted to the Company by Jin Jiang International.

Having considered the proposal presented by the Company, the INEDs present at the meeting decided not to exercise the relevant Rights over the Excluded Hotel Businesses and New Union under the Deed of Non-Competition granted to the Company by Jin Jiang International at this stage for reasons detailed below:

**EASTERN JIN JIANG:**

Pursuant to the written notice of Jin Jiang International, Eastern Jin Jiang has been converted into a limited liability company and has obtained its limited liability company business licence. The respective capital contributions of the shareholders of Eastern Jin Jiang have been ascertained upon its conversion into a limited liability company. Jin Jiang International is now in a position to transfer its interests in Eastern Jin Jiang to the Company. It is for the Company to decide whether to exercise its Right to purchase Jin Jiang International's 50% direct and indirect equity interests in Eastern Jin Jiang.

In accordance with the relevant arrangements disclosed in the Prospectus, an internationally recognised independent valuer has been jointly appointed by the Company and Jin Jiang International to issue a valuation report that would determine the consideration for the purchase of the 50% equity interests in Eastern Jin Jiang. In accordance with relevant PRC laws, Jin Jiang International will further appoint a valuer qualified under PRC laws to issue a second valuation report. Upon issuance of the two valuation reports, the INEDs shall convene a meeting to make a final decision, after considering all factors, on whether to exercise its

Right to purchase Jin Jiang International's 50% equity interests in Eastern Jin Jiang. The Company will make further announcements in respect of the INEDs' decision on whether to exercise the relevant Right.

**JC MANDARIN:**

As notified by Jin Jiang International in writing, the joint venture term of operation of JC Mandarin expired in August 2008, whereupon the withdrawal agreement was executed by the foreign shareholder of JC Mandarin. At present, JC Mandarin has completed its changes with the Administration for Industry and Commerce and is processing other relevant legal procedures. As advised by Jin Jiang International, subject to completion of the relevant legal procedures, it will issue the relevant written notice to the Company notifying the Company of its Right to purchase all equity interests held by Jin Jiang International. Accordingly, the Company is currently unable to exercise the relevant Right. The Company will make further announcements in respect of JC Mandarin as and when appropriate.

**PACIFIC SHANGHAI:**

The joint venture term of operation of Pacific Shanghai has not expired and Jin Jiang International has not yet obtained any of the assets of this company. Accordingly, the Company is currently unable to exercise the relevant Right.

**GARDEN HOTEL SHANGHAI:**

The joint venture term of operation of Garden Hotel Shanghai has not expired and Jin Jiang International has not yet obtained any of the buildings or facilities of this company. Accordingly, the Company is currently unable to exercise the relevant Right.

**NEW JIN JIANG BUSINESS TRAVELLERS:**

The Company has not been granted any Right in relation to this company under the Deed of Non-Competition.

**JINYUAN INN AND JIAOZHOU ROAD INN:**

In compliance with its undertaking under the Deed of Non-Competition regarding Jinyuan Inn and Jiaozhou Road Inn, on 10 December 2007, 上海市食品（集團）有限公司 (Shanghai Foods (Group) Limited), a subsidiary of Jin Jiang International, entered into a legally binding letter of intent with an independent third party to transfer its indirect equity interests in Jinyuan Inn and Jiaozhou Road Inn to such independent third party. The parties to the letter of intent have agreed to use their best endeavours to enter into a transfer agreement within 90 working days from the date of signing of the letter of intent (or such later dates as shall be agreed by the parties). The letter of intent shall lapse if a transfer agreement has not been entered into by the parties within 90 working days from the date of signing of the letter of intent (or such later dates as shall be agreed by the parties). As of the date of this announcement, the parties to the letter of intent have not entered into any transfer agreement within 90 working days from the date of signing of the letter of intent (or such later dates as shall be agreed by the parties). Accordingly, the letter of intent has lapsed.

The Company will make further announcements in respect of Jiyuan Inn and Jiaozhou Road Inn as and when appropriate.

## NEW UNION:

The development project of New Union, with an expected completion date prior to the end of 2010, has not yet been completed. At present, New Union remains a real estate development company, which does not accord with the Group's current development strategy of focusing on hotel investment and hotel management. Accordingly, the Company has not yet satisfied the conditions in respect of the exercise of the relevant Right under the Deed of Non-Competition.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	means the board of directors of the Company
“Company”	means 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 company established in the People's Republic of China, the 1,391,500,000 H shares of which are listed on The Stock Exchange of Hong Kong Limited
“Deed of Non-Competition”	means the deed of non-competition dated 20 November 2006 entered into between the Company and Jin Jiang International
“Directors”	means the directors of the Company
“Eastern Jin Jiang”	means 上海東錦江大酒店有限公司 (Shanghai Eastern Jin Jiang Hotel Company Limited)
“Excluded Hotel Businesses”	means Eastern Jin Jiang, JC Mandarin, Pacific Shanghai, Garden Hotel Shanghai, New Jin Jiang Business Travellers, Jinyuan Inn and Jiaozhou Road Inn
“Garden Hotel Shanghai”	means 花園飯店（上海）(Garden Hotel Shanghai), a sino-foreign cooperative joint venture enterprise established jointly by Jin Jiang International and Nomura China Investment Company Limited
“Group”	means the Company and its subsidiaries
“INEDs”	means the independent non-executive Directors of the Company
“JC Mandarin”	means 上海錦滄文華大酒店有限公司 (Shanghai Jin Cang Mandarin Hotel Company Limited)
“Jiaozhou Road Inn”	means 上海食品集團酒店管理有限公司膠州度假旅館 (Jiaozhou Road Inn), a subsidiary of Shanghai Foods Group Hotel Management Company Limited
“Jin Jiang International”	means 錦江國際（集團）有限公司 (Jin Jiang International Holdings Company Limited), the controlling shareholder of the Company
“Jinyuan Inn”	means 上海食品集團酒店管理有限公司晉元大酒店 (Jinyuan Inn of Shanghai Foods Group Hotel Management Company Limited)

“New Jin Jiang Business Travellers”	means 上海錦江國際實業投資股份有限公司新錦江商旅酒店（分公司）(New Jin Jiang Business Travellers Hotels, a branch of Shanghai Jin Jiang International Industrial Investment Company Limited)
“New Union”	means 上海新聯誼大廈有限公司 (Shanghai New Union Building Co., Ltd.)
“Pacific Shanghai”	means 上海太平洋大飯店有限公司 (Pacific Shanghai Hotel Company Limited)
“Prospectus”	means the prospectus dated 30 November 2006 of the Company
“Right(s)”	means the rights under the Deed of Non-Competition granted to the Company by Jin Jiang International to purchase, or in the case of Jinyuan Inn and Jiaozhou Road Inn, to purchase or lease, all (but not part, unless otherwise agreed by Jin Jiang International) of Jin Jiang International’s direct and indirect equity interests in the Excluded Hotel Businesses (excluding New Jin Jiang Business Travellers) and New Union

By Order of the Board of  
**Shanghai Jin Jiang International Hotels (Group) Company Limited\***  
**Kang Ming**  
*Joint Company Secretary*

Shanghai, the People’s Republic of China, 19 December 2008

*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, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu, Mr. Shen Chengxiang and Mr. Lee Chung Bo.*

\* *The Company is registered as a non-Hong Kong 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”.*