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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: 02006)

CONNECTED TRANSACTION

ACQUISITION OF 70% EQUITY INTEREST IN JING AN BAKERY

The Board announced that Jin Jiang Hotels (HK), a subsidiary of the Company, has entered into Transfer Agreement dated 30 May 2009 pursuant to which Jin Jiang Hotels (HK) agreed to purchase from Jin Jiang Group (HK) all of the equity interest in Jing An Holding, which will own 70% equity interest of Jing An Bakery following the completion of registration with the relevant authorities in the PRC in respect of the Re-structuring Exercise for a cash consideration of RMB15,350,000.

Jin Jiang Group (HK) is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, therefore a connected person of the Company. Accordingly, the acquisition of 70% equity interest in Jing An Bakery by means of transferring all equity interest in Jing An Holding constitutes a connected transaction under the Listing Rules.

As all of the applicable Relevant Ratios are more than 0.1% but less than 2.5%, the Company is subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules but is exempted from independent shareholders' approval.

THE TRANSFER AGREEMENT

Date : 30 May 2009

Parties : (1) Jin Jiang Hotels (HK) (as purchaser)
(2) Jin Jiang Group (HK) (as seller)

Subject matter : All (100%) of the equity interest of Jing An Holding

Consideration : RMB15,350,000 (equivalent to approximately HK\$17,424,174), determined on the basis of the shareholders' equity of Jing An Bakery as at 31 May 2008 valued at RMB21,880,000 (equivalent to approximately HK\$24,836,542) according to the asset valuation report on Jing An Bakery prepared by an independent and qualified PRC appraiser, which will be settled in RMB in cash.

The abovementioned valuation report would be valid for one (1) year. Such report was used as the basis for determination of the Consideration as it was still valid.

Condition precedent : The sale and purchase of the above subject matter is subject to the completion of registration with the relevant authorities in the PRC in respect of the Re-structuring Exercise.

Attribution of profit and loss : As the valuation was made as at 31 May 2008, Jin Jiang Group (HK) and Jin Jiang Hotels (HK) agreed that the net profit or loss generated by Jing An Bakery between 1 June 2008 and 30 April 2009 attributable to 70% equity interest in Jing An Bakery shall be belonged to or borne by Jin Jiang Group (HK); while the net profit or loss generated by Jing An Bakery after 1 May 2009 attributable to 70% equity interest in Jing An Bakery shall be belonged to or borne by Jin Jiang Hotels (HK).

The net profits after taxation generated by Jing An Bakery between 1 June 2008 and 30 April 2009 attributable to 70% equity interest in Jing An Bakery amounting RMB3,507,155 (equivalent to approximately HK\$3,981,060), shall be belonged to Jin Jiang Group (HK).

Payment of Consideration : In one lump sum amount within two Business Days following the completion of the registration in respect of the Re-structuring Exercise

Completion : Completion will take place within two Business Days following the completion date of the Re-structuring Exercise or such later date as the relevant procedures to effect the transfer of all equity interest in Jing An Holding from Jin Jiang Group (HK) to Jin Jiang Hotels (HK) are done.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The Group is principally engaged in star-rated hotel operation and management, budget hotel operation and franchising, food and restaurants and other businesses.

Jing An Holding is an investment holding company, which will hold 70% equity interest of Jing An Bakery following the completion of registration with the relevant authorities in the PRC in respect of the Re-structuring Exercise.

Jing An Bakery is principally engaged in manufacturing and sales of breads, cakes, ice-cream and other related foods, and sales of beverages. Jing An Bakery of which 30% equity interest has been held by the Group indirectly since its incorporation in 1993 and has been accounted as an associated company in the accounts of the Company at cost, and of which 70% equity interest has been held by Jin Jiang Group (HK) since its incorporation and will be owned by Jing An Holding following the completion of the Re-structuring Exercise. Upon the completion of the registration of the said 70% equity interest with the relevant authorities

in the PRC under Jing An Holding and transferring all the equity interest in Jing An Holding to Jin Jiang Hotels (HK), Jing An Bakery will become an indirect wholly owned subsidiary of the Company and its financial results will be consolidated with those of the Group. The directors of the Company believe that the full control over Jing An Bakery allows the Group to further expand its food and restaurants business, which is also complementary and synergistic with its hotel operation and management as well as beneficial to the Group's development as a whole.

Jin Jiang Group (HK) is an investment holding company. It is a subsidiary of Jin Jiang International which is principally engaged in hotel operation and management, tourism-related services, properties management and other businesses.

GENERAL

The net asset value of Jing An Bakery as at 31 May 2008 and its audited asset value as at 31 December 2008, prepared in accordance with PRC GAAP, were approximately RMB12,384,934 (equivalent to approximately HK\$14,058,452) and approximately RMB16,603,882 (equivalent to approximately HK\$18,847,487) respectively. The audited profits before taxation and net profits after taxation for the year ended 31 December 2007 were RMB7,732,655 (equivalent to approximately HK\$8,777,532) and RMB6,572,757 (equivalent to approximately HK\$7,460,903) respectively. The audited profits before taxation and net profits after taxation for the year ended 31 December 2008 were RMB6,511,061 (equivalent to approximately HK\$7,390,870) and RMB5,332,763 (equivalent to approximately HK\$6,053,354) respectively.

According to the asset valuation report as prepared by an independent and qualified PRC appraiser, which would be valid for one year, the shareholders' equity of Jing An Bakery as at 31 May 2008 valued at RMB21,880,000 (equivalent to approximately HK\$24,836,542).

CONNECTED TRANSACTION

Jin Jiang Group (HK) is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, therefore a connected person of the Company. Accordingly, the acquisition of 70% equity interest in Jing An Bakery by means of transferring all equity interest in Jing An Holding from Jin Jiang Group (HK) to Jin Jiang Hotels (HK) constitutes a connected transaction under the Listing Rules.

As all of the applicable Relevant Ratios are more than 0.1% but less than 2.5%, the Company is subject to the reporting and announcement requirements as set out in Chapter 14A of the Listing Rules but is exempted from independent shareholders' approval.

The Board (including the independent non-executive directors) is of the view that the terms (including the Consideration) of the transaction contemplated under the Transfer Agreement is fair and reasonable, based on normal commercial terms and in the interests of the Company and the shareholders as a whole.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	A day other than a Saturday, Sunday or public holiday in the PRC
“China” or “PRC”	The People’s Republic of China
“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, the H shares of which are listed on the Stock Exchange
“Consideration”	The total consideration for the transfer of equity interests from Jin Jiang Group (HK) to Jin Jiang Hotels (HK) under the Transfer Agreement
“Director(s)”	the Director(s) of the Company
“Group”	The Company and its subsidiaries
“Jing An Bakery”	上海靜安麵包房有限公司 (Shanghai Jing An Bakery Co., Ltd.), a limited liability company incorporated in the PRC in which Jing An Holding will own 70% equity interest following the completion of registration with the relevant authorities in the PRC in respect of the Re-structuring Exercise and Shanghai Jin Jiang International Catering Investment Co., Ltd., an indirect wholly owned subsidiary of the Company, holds the remaining 30% equity interest
“Jing An Holding”	Jing An Bakery Holding Co., Limited, a limited liability company incorporated in the British Virgin Islands and wholly owned by Jin Jiang Group (HK)
“Jin Jiang Group (HK)”	Jin Jiang International Group (HK) Co., Limited, a limited liability company incorporated in Hong Kong in which Jin Jiang International holds 99.9995% equity interest
“Jin Jiang Hotels (HK)”	Shanghai Jin Jiang International Hotels Group (HK) Company Limited, a limited liability company incorporated in Hong Kong in which the Company holds 98.6% equity interest
“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), a state-owned limited liability company incorporated in the PRC and the controlling shareholder of the Company
“Listing Rules”	The Rules Governing the Listing Securities on the Stock Exchange
“PRC GAAP”	Accounting Standards for Business Enterprises and Accounting System for Business Enterprises of the PRC

“Re-structuring Exercise”	Jin Jiang Group (HK) has transferred to its wholly owned subsidiary, Jing An Holding 70% equity interest of Jing An Bakery pursuant to a transfer agreement dated 28 April 2009, at which the registration with the relevant authorities in the PRC is still being processed as at the date of this announcement
“Relevant Ratios”	the five ratios as set out in Rule 14.07 of the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the same meaning ascribed thereto under the Listing Rules
“Transfer Agreement”	The conditional equity transfer agreement entered into between Jin Jiang Group (HK) and Jin Jiang Hotels (HK) on 30 May 2009
“%”	Per cent

Unless otherwise specified, the RMB amount shown in this announcement have been translated into HK\$ at an exchange rate of HK\$1 = RMB0.88096 for indication purposes only.

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

Shanghai, the PRC, 31 May 2009

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”.*