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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)

DISCLOSEABLE TRANSACTION
ESTABLISHMENT OF A JOINT VENTURE COMPANY

The Company is pleased to announce that on 6 July 2009, Capital Gathering, a wholly-owned subsidiary of the Company entered into the Limited Liability Company Agreement with Thayer V for the establishment of the JV in Delaware, the United States.

As each of the applicable percentage ratios for the establishment of the JV, which is calculated according to the total capital commitment of the Company under the Limited Liability Agreement, exceeds 5% but is less than 25%, the entering into of the Limited Liability Company Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

I. THE LIMITED LIABILITY COMPANY AGREEMENT

The main terms of the Limited Liability Company Agreement are summarised as follows:

Date: 6 July 2009

Parties: (a) Capital Gathering; and
(b) Thayer V

Capital Contribution: Upon the execution of the Limited Liability Company Agreement, each of Capital Gathering and Thayer V shall be required to make an initial capital contribution of US\$1,000,000 to the JV within seven (7) business days following the execution of the Limited Liability Company Agreement. The JV is owned as to 50% by Capital Gathering and 50% by Thayer V. Capital Gathering and Thayer V further agree to make additional capital contribution upon unanimous approval by the Board of Managers of the JV in accordance with their proportional interests in the JV in effect from time to time. The aggregate capital contributions of each Member to the JV shall not exceed US\$100,000,000.

Members: There are two Members. No additional Members shall be admitted to the Company except in accordance with the Limited Liability Company Agreement.

Management: The Board of Managers shall at all times be composed of six (6) members. Each Member shall be entitled to appoint one (1) Board Member for every Unit held by such Member. So long as Thayer V (or its permitted transferees) is a Member and continues to hold at least three (3) Units, three (3) Board Members shall be appointed by Thayer V, and so long as Capital Gathering is a Member and continues to hold at least three (3) Units, three (3) Board Members shall be appointed by Capital Gathering. There shall be two (2) co-Chairmen of the Board of Managers and Members holding at least three (3) Units shall have the right to appoint one co-Chairman. The initial co-Chairmen shall be appointed by Thayer V and Capital Gathering.

Governing Law: The laws of the State of Delaware, United States.

II. REASONS AND BENEFITS FOR ENTERING INTO THE LIMITED LIABILITY COMPANY AGREEMENT

The JV has been established for the purpose of utilizing the capital contributions and other resources of the JV to invest in, acquire, develop and/or reposition one or more select hospitality companies with principal business operations in the United States and other markets approved by the Board of Managers.

The Company believes that the JV will help the Company to extend its market in the United States, which in turn can provide a stable source of income in the foreseeable future.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Limited Liability Company Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

III. FINANCIAL EFFECTS

The JV will become a jointly controlled entity (but not a subsidiary) of the Group and the entering into of the Limited Liability Company Agreement has no immediate material financial effect on the Group's earnings, net assets and liabilities.

IV. GENERAL INFORMATION

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

Capital Gathering and Thayer V are investment holding companies.

Thayer V is a wholly-owned subsidiary of Thayer Lodging Group, Inc., which itself is a privately-held hospitality company based in Annapolis, Maryland, United States. Thayer Lodging Group, Inc. acts as a sponsor and advisor of hospitality investment funds.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Thayer V and its ultimate beneficial owner is not a connected person and is independent of any director, chief executive or substantial shareholder or the controlling shareholder of the Company or its subsidiaries or any of their respective associates.

As each of the applicable percentage ratios for the establishment of the JV, which is calculated according to the total capital commitment of the Company under the Limited Liability Agreement, exceeds 5% but is less than 25%, the entering into of the Limited Liability Company Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

V. DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board Member(s)”	members of the Board of Managers
“Board of Managers”	the board of managers of the JV
“Capital Gathering”	Capital Gathering, LLC, a Delaware limited liability company and a wholly-owned subsidiary of the Company
“China” or “PRC”	the People's Republic of China, excluding Hong Kong, Macau and Taiwan
“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 of Hong Kong Limited
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“JV”	Hotel Acquisition Company, LLC, a Delaware limited liability company established by Capital Gathering and Thayer V
“Limited Liability Company Agreement”	the Limited Liability Company Agreement of Hotel Acquisition Company, LLC dated 6 July 2009, entered into between Capital Gathering and Thayer V
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Member(s)”	the member(s) of the JV

“Percentage Interest”	with respect to any Member, the percentage determined from time to time by dividing (i) the aggregate capital contributions credited such Member’s capital account at the time of any relevant calculation, by (ii) the aggregate capital contributions credited to the capital accounts of all the Members at such time, as such percentages may be further adjusted. The sum of the Percentage Interests shall at all times equal one hundred percent (100%)
“Shareholder(s)”	the shareholder(s) of the Company
“subsidiary”	has the same meaning ascribed thereto under the Listing Rules
“Thayer V”	THI V Inca LLC, a Delaware limited liability company and a wholly-owned subsidiary of Thayer Lodging Group, Inc.
“Unit”	Percentage Interests equal to 16.66667%

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

Shanghai, China, 6 July 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”.*