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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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

**ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that on 16 April 2010, the Finance Company has entered into the Loan Service Framework Agreement with the Parent Company, pursuant to which the Finance Company shall provide the Parent Group with loan services. On the same day, the Finance Company has also entered into other agreements with the Parent Company, including a deposit service framework agreement under which the Finance Company shall provide the Parent Group with deposit services.

The Parent Company is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules. As such, the transactions under the Loan Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the provision of loan services by the Finance Company under the Loan Service Framework Agreement, the revenue ratio for the transactions under such agreement is expected to be more than 0.1%, but less than 2.5% on an annual basis. Therefore, such transactions, together with their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012 and the four and a half months ending 15 April 2013, are exempted from the independent shareholders' approval requirement, but are still subject to the announcement and reporting requirements as required under Rules 14A.45 to 14A.47 of the Listing Rules.

Under Rule 14A.33 or Rule 14A.65(4), the transactions under the other agreements entered into between the Finance Company and the Parent Company are exempted from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

A. BACKGROUND

The Board is pleased to announce that on 16 April 2010, the Finance Company has entered into the Loan Service Framework Agreement with the Parent Company, pursuant to which the Finance Company shall provide the Parent Group with loan services. On the same day, the Finance Company has also entered into other agreements with the Parent Company, including a deposit service framework agreement under which the Finance Company shall provide the Parent Group with deposit services.

The Parent Company is the controlling shareholder of the Company and therefore is a connected person of the Company under the Listing Rules.

B. LOAN SERVICE FRAMEWORK AGREEMENT

1 Term

The Loan Service Framework Agreement will be effective for an initial term of 3 years until 15 April 2013, unless either party terminates the Loan Service Framework Agreement by three months' prior written notice to the other party. The term of the Loan Service Framework Agreement can be extended, provided that the Parent Company and the Finance Company agree to such extension and the requirements under the relevant laws, regulations and/or the Listing Rules are complied with.

2 Pricing

The Finance Company shall provide loans to the Parent Group at interest rates not lower than the relevant rates stipulated or allowed by PBC for the same type of loan.

C. ANNUAL CAPS AND BASIS FOR ANNUAL CAPS

The Directors propose to set the annual caps for the three years ending 31 December 2010, 2011 and 2012 and four and a half months ending 15 April 2013 for the continuing connected transactions under the Loan Service Framework Agreement as follows:

Proposed annual caps for the relevant period

	Twelve months ending 31 December 2010 (RMB)	Twelve months ending 31 December 2011 (RMB)	Twelve months ending 31 December 2012 (RMB)	1 January to 15 April 2013 (RMB)
Maximum aggregate interest to be charged by the Finance Company under the Loan Service Framework Agreement during the relevant period	47,790,000	57,348,000	71,685,000	30,466,000

In arriving at such annual caps, the Directors have considered the historical figures of interest on loans provided by commercial banks to the Parent Group from 1 January 2010 to 31 March 2010 and during the three preceding years.

D. REASONS FOR AND BENEFITS OF TRANSACTIONS

The terms under the Loan Service Framework Agreement are no less favourable to the Group than those provided by independent third parties to the Parent Group, or those provided by the Finance Company to independent third parties.

Furthermore, the provision of loan services to the Parent Group can optimize the utilisation of the surplus fund of the Finance Company, which in turn would benefit the Group as a whole. In order to make better use of the surplus cash available and allow for more efficient allocation of financial resources, offering loans and similar financial services to the Parent Group would benefit the Finance Company, and in turn, the Company, by re-allocating the resources and providing interest income to the Group, which would otherwise be paid by the Parent Group to commercial banks providing the same services.

In light of the above factors, the Board (including the independent non-executive Directors) considers that the transactions under the Loan Service Framework Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available to independent third parties, and are entered into on a continuing and regular basis in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

The Board (including the independent non-executive Directors) further considers that the proposed annual caps for the transactions under the Loan Service Framework Agreement for each of the three years ending 31 December 2010, 2011 and 2012 and the four and a half months ending 15 April 2013 are fair and reasonable.

E. IMPLICATIONS UNDER THE LISTING RULES

The Parent Company is the controlling shareholder of the Company, and therefore is a connected person of the Company under the Listing Rules. As such, the transactions under the Loan Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the provision of loan services by the Finance Company under the Loan Service Framework Agreement, the revenue ratio for the transactions under such agreement is expected to be more than 0.1%, but less than 2.5% on an annual basis. Therefore, such transactions, together with their respective proposed annual caps for each of the three years ending 31 December 2010, 2011 and 2012 and the four and a half months ending 15 April 2013, are exempted from the independent shareholders' approval requirement, but are still subject to the announcement and reporting requirements as required under Rules 14A.45 to 14A.47 of the Listing Rules.

Under Rule 14A.33 or Rule 14A.65(4), the transactions under the other agreements entered into between the Finance Company and the Parent Company are exempted from the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

F. GENERAL INFORMATION

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

The Parent Company is one of the largest integrated hotel and travel conglomerates in the PRC, as well as one of the hotel groups with the longest history in the PRC. The principal businesses of the Parent Company are hotel operation and management, travel, passenger transportation, as well as food and beverages.

“associates”	has the meaning ascribed to it 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)
“Directors”	the directors of the Company
“Finance Company”	錦江國際集團財務有限責任公司 (Jin Jiang International Finance Company Limited)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Service Framework Agreement”	the loan service framework agreement dated 16 April 2010 entered into between the Finance Company and the Parent Company, pursuant to which the Finance Company shall provide the Parent Group with loan services
“Parent Company”	錦江國際（集團）有限公司 (Jin Jiang International Holdings Company Limited)
“Parent Group”	the Parent Company and/or its associates, excluding the Group
“PBC”	People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Shanghai, the People’s Republic of China, 16 April 2010

As at the date of this announcement, the executive directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Chen Hao, 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”.*