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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

PRICE-SENSITIVE INFORMATION

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to the disclosure made in the Amendments to Report on Substantial Assets Swap and Purchase and Connected Transactions published on 14 May 2010 by Shanghai Jin Jiang International Hotels Development Company Limited ("Jin Jiang Hotels Development"), a subsidiary of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and whose A shares and B shares are listed on the Shanghai Stock Exchange, Jin Jiang International Holdings Company Limited ("Jin Jiang International"), the controlling shareholder of the Company, has provided and supplemented three undertaking letters respectively on 22 December 2009, 31 December 2009 and 1 March 2010 to Jin Jiang Hotels Development (the "Undertaking Letters") regarding the matters announced by the Company on 30 August 2009, 29 September 2009 and 16 October 2009 regarding the proposal on reorganisation of the Group (the "Proposed Transaction").

Pursuant to the Undertaking Letters, Jin Jiang International has provided the following undertakings to Jin Jiang Hotels Development:

- I. (a) (1) With respect to the properties for which relevant land transfer procedures are to be proceeded with or certification of title is to be completed under the transfer of a 71.225% equity interest in Jin Jiang Inn Company Limited ("Jin Jiang Inn"), a 80% equity interest in Shanghai Jin Jiang International Hotel Investment Company Limited, and a 99% equity interest in Shanghai Jin Jiang Da Hua Hotel Company Limited (collectively the "Disposed Interests") (including the self-owned hotels of Jin Jiang Inn) to Jin Jiang Hotels Development, Jin Jiang International will actively support and assist Jin Jiang Hotels Development and the Company with the relevant procedures, and it is expected that the land transfer procedures and perfect title certificates of such properties will be completed by 31 December 2010. Jin Jiang International undertakes that, subject to the Proposed Transaction having been approved and implemented, if the land

transfer procedures and perfect title certificates fail to be completed by 31 December 2010, Jin Jiang International will acquire such properties in cash based on their value assessed on 31 July 2009.

(2) After the acquisition of such properties in cash by Jin Jiang International, Jin Jiang Hotels Development may continue the lease of such properties at a fair market value for operation of the relevant hotels and Jin Jiang International will not directly operate such budget hotel business. Jin Jiang International will continue to take active measures to proceed with the procedures for certification of title of such properties as soon as reasonably practical. After completion of such procedures, Jin Jiang Hotels Development has the right to acquire such properties at the aforesaid assessed value.

(b) In addition, subject to the Proposed Transaction having been approved and implemented, if Jin Jiang Hotels Development suffers any loss due to the failure to complete the above procedures, Jin Jiang International undertakes to fully indemnify Jin Jiang Hotels Development within 30 days of the occurrence of such loss. The indemnify includes but not limited to the loss suffered as a result of the failure to complete the following procedures:

- (1) fines incurred by the users of the relevant properties due to the administrative punishment imposed by the relevant government authorities;
- (2) economic loss suffered by Jin Jiang Hotels Development due to the withdrawal of the land use right by the competent government authorities;
- (3) losses suffered or expenses incurred due to the failure of the property users to use the property in the original way or change the use of such property as a result of the requirements of the relevant government authorities for standardisation of property use imposed on the relevant property users; and
- (4) expenses incurred by Jin Jiang Hotels Development in order to obtain indemnity from Jin Jiang International.

II. With respect to the leased properties involved in the Disposed Interests under the Proposed Transaction (including the leased hotels of Jin Jiang Inn), the total leased properties whose lessors fail to prove their legal ownership over the leased properties; or where they can prove such legal ownership, the lease may be rendered invalid due to the inconsistency between the use of the lease and the use indicated in the title certificates, and the invalidity pose risk to Jin Jiang Inn's operation of budget hotels, is 30, representing 34.88% of the total properties leased for the hotels of the Disposed Interests, which is 86.

(a) Jin Jiang International undertakes that, subject to the Proposed Transaction having been approved by China Securities Regulatory Commission ("CSRC") and implemented, if Jin Jiang Hotels Development fails to solve the above defects in the titles over the above properties leased for hotel operation in accordance with the agreed proportion and number within the time limit set forth in the timetable scheduled for solution, i.e., fails to lower the above proportion to 20% within 12 months, or to 10% within 24 months, or to completely solve such defects within 36 months from the date of approval of the Proposed Transaction by CSRC, and if Jin Jiang Hotels Development chooses to terminate leases and choose new locations for the leased hotels that fail to rectify the title defects in accordance with the agreed

proportion and number within such three respective time points, Jin Jiang International will be responsible for the liquidated damages suffered by those hotels that terminate leases and re-open for business in new locations, and give an indemnity in accordance with the value assessed on 31 July 2009.

Timetable for solution of leased hotels of which the leased property title contains defects is:

	31 July 2009	12 months after obtaining the approval	24 months after obtaining the approval	36 months after obtaining the approval
Number of the properties leased for hotel operation containing title defects which need rectification	30	17	8	0
Total number of properties leased for hotel operation as of 31 July 2009	86	86	86	86
Proportion of the properties leased for hotel operation containing title defects	34.88%	< 20%	< 10%	0%

- (b) In the future operation of the Disposed Interests, in the case where a relevant hotel of Jin Jiang Inn has to be relocated due to the title defects of the leased property, if the relevant property lessor fails to compensate or fully compensate the loss (being the higher of the audited total initial investment cost for fixed assets and decoration of such hotel as of 31 July 2009, or the asset value of such hotel assessed on 31 July 2009) suffered by such hotel within one year after its business discontinuation, Jin Jiang International will immediately calculate the loss in the manner above and fully indemnify the hotel. Jin Jiang International shall retain the indemnity given by the property lessor if the property lessor gives such indemnity. At the same time, Jin Jiang International will indemnify the hotel in an amount equal to the audited net profit of the hotel in the fiscal year immediately prior to its business discontinuation, so as to cover the loss suffered by such hotel during its business discontinuation.

III. Jin Jiang International Finance Company Limited (“Jin Jiang Finance”), a subsidiary of the Company, is a non-bank financial institution established under the approval of the People’s Bank of China, which holds a Finance License issued by China Banking Regulatory Commission. Jin Jiang Hotels Development and its subsidiaries have ownership over the funds deposited in Jin Jiang Finance, being the assets involved in the Proposed Transaction, and thus, they have the right of disposal over the same according to their agreement with Jin Jiang Finance.

Jin Jiang International undertakes that, subject to the Proposed Transaction having been approved and implemented, it will provide full guarantee for all the funds and other financial assets which Jin Jiang Hotels Development and its subsidiaries deposited in Jin Jiang Finance on 31 July 2009 and any funds and other financial assets to be deposited in Jin Jiang Finance thereafter. In the event that Jin Jiang Finance is unable to pay the principal and interest of the deposits and the other financial assets of Jin Jiang Hotels Development and its subsidiaries, the same will be paid immediately by Jin Jiang International on behalf of Jin Jiang Finance.

IMPLICATION UNDER THE LISTING RULES

With respect to the above I(a)(1) and (2), according to Chapter 14A of the Listing Rules, such acquisition and lease, if materialised, will constitute connected transactions of the Company. The Company will then calculate the applicable percentage ratios based on the actual circumstances and relevant amount, and report, publish announcement and/or obtain independent shareholders' approval according to Chapter 14 and Chapter 14A of the Listing Rules, where applicable.

With respect to the above I(b), II(a) and (b) and III, according to Chapter 14A of the Listing Rules, these indemnities and guarantee are separate financial assistances which respectively constitute connected transactions of the Company, but are exempted from the relevant reporting, announcement and independent shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

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

Shanghai, the People's Republic of China, 14 May 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".*