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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)

Connected Transaction
Acquisition of a 8.7750% equity interest in Jin Jiang Inn

The Board announces that Jin Jiang Hotels Development, a subsidiary of the Company, entered into the Agreement with the Jin Jiang Inn's Individual Shareholders on 21 June 2010 to acquire the Jin Jiang Inn's Individual Shareholders' 8.7750% equity interest in Jin Jiang Inn. The Consideration payable for the aforesaid acquisition under the Agreement was RMB132,380,527.50 (equivalent to approximately HK\$150,432,417.61). Jin Jiang Hotels Development and the Jin Jiang Inn's Individual Shareholders have agreed that the effective date for such transfer was 31 May 2010, i.e. Jin Jiang Inn had become a wholly-owned subsidiary of Jin Jiang Hotels Development since 1 June 2010.

Among the Jin Jiang Inn's Individual Shareholders, as Mr. Xu Zurong (徐祖榮), Mr. Yang Weimin (楊衛民), Mr. Chen Hao (陳灝), Mr. Yu Meng (俞萌), Mr. Fan Benhou (范本厚), Mr. Zhang Bin (張斌), Mr. Fang Fuhui (方福滙), Mr. Xu Xianggen (徐祥根) and Ms. Shen Li (沈莉) are either directors, supervisors or chief executives of the Company or a subsidiary of the Company, they are connected persons of the Company. Accordingly, the acquisition of an aggregate of 5.079% equity interest in Jin Jiang Inn from such persons by Jin Jiang Hotels Development constitutes a connected transaction under the Listing Rules.

As each of the applicable percentage ratios for the Connected Transaction Acquisition exceeds 0.1%, but is less than 5%, the Connected Transaction Acquisition is subject to the reporting and announcement requirements under Rule 14A.32 of the Listing Rules, but is exempted from the independent shareholders' approval requirement.

A. THE AGREEMENT

1. Date: 21 June 2010
2. Parties: Purchaser: Jin Jiang Hotels Development
Vendor: the Jin Jiang Inn's Individual Shareholders

3. Equity interests to be acquired: Jin Jiang Hotels Development will acquire a 8.7750% equity interest in Jin Jiang Inn from the Jin Jiang Inn's Individual Shareholders under the Agreement.
4. Consideration: Pursuant to the Agreement, the consideration for the acquisition of a 5.0790% equity interest in Jin Jiang Inn from the relevant connected persons by Jin Jiang Hotels Development is RMB76,627,204.88 (equivalent to approximately HK\$87,076,369.18) and the consideration for the acquisition of a 3.6960% equity interest in Jin Jiang Inn from the other persons by Jin Jiang Hotels Development is RMB55,753,322.62 (equivalent to approximately HK\$63,356,048.43). The Consideration shall be deposited by Jin Jiang Hotels Development into the designated bank accounts within 15 days from the date of execution of the Agreement, after deducting the dividend distributions for 2009 paid by Jin Jiang Inn to the Jin Jiang Inn's Individual Shareholders and the relevant taxes.

The Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. The Consideration under the Agreement was determined with reference to the asset valuation report prepared by Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司), an independent and duly qualified PRC valuer appointed by Jin Jiang Hotels Development, using discounted future estimated cash flows under the income approach. The appraised value of Jin Jiang Inn as at 31 July 2009 in the aforesaid asset valuation report was RMB1,508,610,000 (equivalent to approximately HK\$1,714,329,545.45). The Consideration will be funded by the internal resources of Jin Jiang Hotels Development.

The audited asset value of Jin Jiang Inn as at 31 December 2009 prepared in accordance with PRC GAAP was approximately RMB1,985,244,049.03 (equivalent to approximately HK\$2,255,959,146.62). The audited net profit before and after taxation of Jin Jiang Inn for the year ended 31 December 2008 prepared in accordance with PRC GAAP were RMB42,047,090.48 (equivalent to approximately HK\$47,780,784.64) and RMB29,414,517.17 (equivalent to approximately HK\$33,425,587.69), respectively. The audited net profit before and after taxation of Jin Jiang Inn for the year ended 31 December 2009 prepared in accordance with PRC GAAP were RMB48,390,730.10 (equivalent to approximately HK\$54,989,466.02) and RMB31,479,338.67 (equivalent to approximately HK\$35,771,975.76), respectively.

The purchase cost of the aggregate 5.0790% equity interest in Jin Jiang Inn acquired by the 9 persons comprising Mr. Xu Zurong (徐祖榮), Mr. Yang Weimin (楊衛民), Mr. Chen Hao (陳灝), Mr. Yu Meng (俞萌), Mr. Fan Benhou (范本厚), Mr. Zhang Bin (張斌), Mr. Fang Fuhui (方福滙), Mr. Xu Xianggen (徐祥根) and Ms. Shen Li (沈莉) was RMB14,858,535.00 (equivalent to approximately HK\$16,894,698.86).

5. Attribution of profit and loss: As the valuation reference date was 31 July 2009, Jin Jiang Hotels Development and the Jin Jiang Inn's Individual Shareholders have agreed that the Jin Jiang Inn's Individual Shareholders shall be entitled to the profit and loss of Jin Jiang Inn from 31 July 2009 to 31 May 2010 attributable to the 8.7750% equity interest.

6. Completion: Jin Jiang Hotels Development and the Jin Jiang Inn's Individual Shareholders have agreed that the effective date for such transfer was 31 May 2010, i.e. Jin Jiang Inn had become a wholly-owned subsidiary of Jin Jiang Hotels Development since 1 June 2010.

B. VALUATION METHODOLOGY

The asset valuation report of Jin Jiang Inn was prepared based on discounted future estimated cash flows under the income approach and therefore constitutes a profit forecast under Rule 14.61 of the Listing Rules. The principal assumptions upon which such asset valuation report is based are set out as follows:

1. there would be no material changes in the current taxation, policy-imposed levies and laws;
2. there would be no material changes in the management and mode of operation of the relevant businesses;
3. it has not taken into account the revenues and the related operational risks arising from the future expansion of Jin Jiang Inn budget hotels other than those which are currently under development; and
4. the valuation of the franchising of Jin Jiang Inn budget hotels has not taken into account the number of additional franchised Jin Jiang Inn budget hotels that might be established after the valuation reference date.

Deloitte Touche Tohmatsu CPA Ltd., the auditor of the Company, has reviewed the calculations of the discounted future estimated cash flow, which does not involve the adoption of accounting policies, used by Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) as the basis of preparing the valuation of Jin Jiang Inn. The Directors confirm that the forecast has been made after due and careful enquiry.

The following is the qualification of the expert who has given its opinion or advice included in this announcement:

Name	Qualification
Deloitte Touche Tohmatsu CPA Ltd.	Certified Public Accountants

As at the date of this announcement, Deloitte Touche Tohmatsu CPA Ltd. does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Deloitte Touche Tohmatsu CPA Ltd. has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its report and all reference to its name in the form and context in which it is included.

A letter from the Board confirming its view that the valuation prepared by Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) in respect of Jin Jiang Inn has been made after due and careful enquiry, a report from Deloitte Touche Tohmatsu CPA Ltd. relating to discounted future estimated cash flows in connection with the business

valuation in respect of the asset valuation report of Jin Jiang Inn, which were prepared pursuant to Rule 14.62 of the Listing Rules are set out as appendices to this announcement.

C. REASONS FOR AND BENEFITS OF THE ACQUISITION

The Transaction not only facilitates the stable development of Jin Jiang Inn but also safeguards the legal interests of the Jin Jiang Inn's Individual Shareholders. The Transaction will help the Group to further expand its budget hotel management and franchised operations.

D. GENERAL INFORMATION

1. Principal activities

(a) The Group

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

(b) Jin Jiang Hotels Development

Jin Jiang Hotels Development is principally engaged in hotel management operations and chain restaurants operation.

(c) Jin Jiang Inn

Jin Jiang Inn is principally engaged in budget hotel management and franchised operations under the brand name of "Jin Jiang Inn".

2. Implications under the Listing Rules

Among the Jin Jiang Inn's Individual Shareholders, as Mr. Xu Zurong (徐祖榮), Mr. Yang Weimin (楊衛民), Mr. Chen Hao (陳灝), Mr. Yu Meng (俞萌), Mr. Fan Benhou (范本厚), Mr. Zhang Bin (張斌), Mr. Fang Fuhui (方福滙), Mr. Xu Xianggen (徐祥根) and Ms. Shen Li (沈莉) are either directors, supervisors or chief executives of the Company or a subsidiary of the Company, they are connected persons of the Company. Accordingly, the acquisition of an aggregate of 5.0790% equity interest in Jin Jiang Inn from such persons by Jin Jiang Hotels Development constitutes a connected transaction under the Listing Rules.

As each of the applicable percentage ratios for the Connected Transaction Acquisition exceeds 0.1%, but is less than 5%, the Connected Transaction Acquisition is subject to the reporting and announcement requirements under Rule 14A.32 of the Listing Rules, but is exempted from the independent shareholders' approval requirement.

The Board (including the independent non-executive directors) is of the view that the terms (including the Consideration) of the Connected Transaction Acquisition are fair and reasonable and conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As Mr. Yang Weimin (楊衛民), Mr. Chen Hao (陳灝) and Mr. Xu Zurong (徐祖榮), being executive Directors, have a

material interest in the acquisition, they have abstained from voting on the resolution to approve the acquisition. No other directors had a material interest in the acquisition.

DEFINITIONS

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

“Agreement”	the equity transfer agreement entered into between Jin Jiang Hotels Development and Jin Jinag Inn’s Individual Shareholders on 21 June 2010
“Board”	the board of directors
“Company”	上海錦江國際酒店(集團)股份有限公司 (Shanghai Jin Jiang International Hotels (Group) Company), a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange
“Connected Transaction Acquisition”	the acquisition of an aggregate of 5.0790% equity interest in Jin Jiang Inn from 9 persons, namely Mr. Xu Zurong (徐祖榮), Mr. Yang Weimin (楊衛民), Mr. Chen Hao (陳灝), Mr. Yu Meng (俞萌), Mr. Fan Benhou (范本厚), Mr. Zhang Bin (張斌), Mr. Fang Fuhui (方福滙), Mr. Xu Xianggen (徐祥根) and Ms. Shen Li (沈莉) by Jin Jiang Hotels Development pursuant to the Agreement
“Consideration”	the total consideration for the transfer of a 8.7750% equity interest by Jin Jinag Inn’s Individual Shareholders to Jin Jiang Hotels Development pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Jin Jiang Hotels Development”	上海錦江國際酒店發展股份有限公司 (Shanghai Jin Jiang International Hotels Development Company Limited), a subsidiary of the Company which is incorporated as a joint stock limited company in the PRC in which the Company holds a 50.32% equity interest as at the date of this announcement and whose A shares and B shares are listed on the Shanghai Stock Exchange as at the date of this announcement
“Jin Jiang Inn”	錦江之星旅館有限公司 (Jin Jiang Inn Company Limited), a limited liability company incorporated in the PRC in which Jin Jiang Hotels Development holds a 91.2250% equity interest and Jin Jiang Inn’s Individual Shareholders hold in total a 8.7750% equity interest
“Jin Jiang Inn’s Individual Shareholders”	37 natural persons including Xu Zurong (徐祖榮), Yang Weimin (楊衛民) and Chen Hao (陳灝), holding in aggregate a 8.7750% equity interest in Jin Jiang Inn

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“PRC GAAP”	the PRC Accounting Standards for Business Enterprises and Enterprise Accounting System
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Transaction”	the acquisition of an aggregate of 8.7750% equity interest in Jin Jiang Inn from the Jin Jiang Inn’s Individual Shareholders by Jin Jiang Hotels Development pursuant to the Agreement
“%”	percentage

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

Shanghai, the PRC, 21 June 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 exchange rate of HK\$1.00:RMB0.88 has been adopted in this announcement for illustration only.

* *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”.*

APPENDIX

A. Letter from the Board

Date: 21 June 2010

The Listing Division
The Stock Exchange of Hong Kong Limited
11/F One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Madams/Sirs,

**Re: Shanghai Jin Jiang International Hotels (Group) Company Limited (Stock Code: 2006)
(the “Company”)**

**Rules 14.61 and 14.62 of the Rules Governing the Listing of Securities on The Stock
Exchange of Hong Kong Limited**

We refer to the asset valuation report dated 29th September 2009 as prepared by Orient Appraisal Co., Ltd (上海東洲資產評估有限公司) (the “Valuer”) in relation to the valuation of 錦江之星旅館有限公司 (Jin Jiang Inn Company Limited) (“Jin Jiang Inn”). The valuation of Jin Jiang Inn was prepared based on discounted future estimated cash flows method which is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company has discussed with the Valuer on different aspects including the bases and assumptions upon which the valuation has been prepared and reviewed the valuation of Jin Jiang Inn for which the Valuer is responsible. We have also considered the report from our auditor, Deloitte Touche Tohmatsu CPA Ltd., regarding whether the valuation was compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the valuation prepared by the Valuer have been made after due and careful enquiry.

Yours faithfully

By order of the Board of Directors

Shanghai Jin Jiang International Hotels (Group) Company Limited

Yang Weimin

Executive Director and Chief Executive Officer

B. Report from Deloitte Touche Tohmatsu Cpa Ltd.

Set out below is the text of the report received from the independent auditor, Deloitte Touche Tohmatsu CPA Ltd., Certified Public Accountants, People's Republic of China, relating to discounted future estimated cash flows in respect of the valuation of the 71.225% equity interest in Jin Jiang Inn Co., Ltd., for the purpose of inclusion in this announcement.

Deloitte.
德勤

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The Board of Directors
Shanghai Jin Jiang International Hotels (Group) Company Limited

Dear Sirs,

INDEPENDENT ASSURANCE REPORT

We have examined the calculations of the underlying discounted future estimated cash flows (the "Underlying Forecast") used by Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司) in their preparation of business valuation (the "Valuation") dated 29 September 2009, in respect of the valuation of the 71.225% equity interest in Jin Jiang Inn Co., Ltd. ("Jin Jiang Inn"). The valuation is prepared in connection with the reorganization transaction between Shanghai Jin Jiang International Hotels (Group) Company Limited (the "Company") and Shanghai Jin Jiang International Hotels Development Company Limited (the "Transaction"). The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Responsibilities

The directors of the Company are solely responsible for the preparation of the Underlying Forecast including a set of assumptions (the "Assumptions") for the purpose of business valuation of Jin Jiang Inn based on discounted cash flow method. The Underlying Forecast prepared by the directors of the Company is a cash flow model and no accounting policies of the Company have been adopted in the preparation of the Underlying Forecast. The Underlying Forecast has been prepared using the Assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Even if the events anticipated occur, actual results are still likely to be different from the Underlying Forecast and the variation may be material. The directors of the Company are responsible for the reasonableness and validity of the Assumptions.

It is our responsibility to form an opinion, based on our work on the Underlying Forecast and to report our opinion solely to you, as a body, solely for the purpose of reporting under Rule 14.62(2) of the Listing Rules and for no other purpose. We have not reviewed,

considered or conducted any work on the reasonableness and the validity of the Assumptions and express no opinion on the reasonableness and validity of the Assumptions on which the Underlying Forecast is based. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Summary of our work

We conducted our work in accordance with the International Standard on Assurance Engagement 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the International Auditing and Assurance Standards Board. We examined the arithmetical accuracy of the Underlying Forecast. Our work has been undertaken solely to assist the directors of the Company in evaluation whether the Underlying Forecast, so far as the calculations are concerned, has been properly compiled in accordance with the Assumptions made by the directors of the Company. Our work does not constitute any valuation of the 71.225% equity interest in Jin Jiang Inn.

Opinion

Based on the examination of the arithmetical accuracy of the Underlying Forecast, nothing came to our attention to indicate that, the Underlying Forecast, so far as the calculations are concerned, has not been properly compiled in accordance with the Assumptions made by the directors of the Company.

Yours faithfully,
Deloitte Touche Tohmatsu CPA Ltd.

29 September 2009