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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

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

A. BACKGROUND

The board of directors (the “**Board**”) of Shanghai Jin Jiang International Hotels (Group) Company Limited (the “**Company**”) is pleased to announce that the Company will, through its subsidiary, Shanghai Jin Jiang International Hotels Development Company Limited (“**Jin Jiang Hotels Development**”) in which the Company holds a 50.32% equity interest, establish a specialized brand company to develop selected service commercial hotels with such brand. The 3-star hotels owned by the Company will gradually be entrusted to or leased to Jin Jiang Hotels Development for operation in accordance with the business needs.

The Company entered into an entrusted operation contract (the “**Entrusted Operation Contract**”) with Jin Jiang Hotels Development on 29 March 2013, pursuant to which two branches of the Company, namely New Asia Hotel and Metropole Hotel, will be entrusted to Jin Jiang Hotels Development for operation. Three wholly-owned subsidiaries of the Company, namely Shanghai Hua Ting Guest House Co., Ltd. (“**Hua Ting Guest House**”), Shanghai Jinsha Hotel Co., Ltd. (“**Jinsha Hotel**”) and Shanghai Magnolia Hotel Co., Ltd. (“**Magnolia Hotel**”), entered into a lease contract (the “**Lease Contract**”) with Jin Jiang Hotels Development on the same date, pursuant to which the aforesaid three subsidiaries will lease their respective hotel property, premises and ancillary facilities to Jin Jiang Hotels Development for operation.

B. ENTRUSTED OPERATION CONTRACT

Entrustor	:	the Company
Entrustee	:	Jin Jiang Hotels Development
Objects of the entrusted operation	:	two branches of the Company, namely New Asia Hotel and Metropole Hotel
Entrusted operation period	:	15 years commencing from 1 April 2013
Allocation of the entrusted operation revenue	:	Jin Jiang Hotels Developments shall pay the Company entrusted operation fees of RMB30.15 million per annum with reference to the rental standard of property during the entrusted operation period, during which period such fees shall remain the same. The remaining operating profit or loss of the objects of the entrusted operation shall be owned by Jin Jiang Hotels Development.

C. LEASE CONTRACT

Lessor	:	three wholly-owned subsidiaries of the Company, namely Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel
Tenant	:	Jin Jiang Hotels Development
Leased property	:	hotel property, premises and ancillary facilities of Hua Ting Guest House, Jinsha Hotel and Magnolia Hotel
Lease term	:	15 years commencing from 1 April 2013
Rental fees	:	The rental fees (including basic property management fees) shall be in aggregate RMB28.05 million per annum during the lease term, during which period such fees shall remain the same.

D. REASONS AND BENEFITS FOR THE TRANSACTION

The relevant transaction will help to promote the establishment of hotel brand system of the Group, fully utilize the strengths of Jin Jiang Hotels Development in budget hotel businesses with its existing system, platform, network and personnel, accelerate the development of selected service commercial hotels, expedite the traditional 3-star hotel business transformation, further distinct the business orientation of the Company and Jin Jiang Hotels Development, and realize the synergetic development and win-win situation.

E. GENERAL INFORMATION

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

Jin Jiang Hotels Development is principally engaged in budget hotel management and franchising, and chain restaurant operation, whose A shares and B shares are listed on the Shanghai Stock Exchange.

F. LISTING RULES IMPLICATIONS

As at the date of this announcement, Jin Jiang Hotels Development is a subsidiary of the Company, in which the Company holds a 50.32% equity interest, and is not a connected person of the Company pursuant to the Listing Rules. As such, the transaction in relation to the entrustment or lease of 3-star hotels wholly-owned by the Company to Jin Jiang Hotels Development for operation does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

Shanghai, the PRC, 1 April 2013

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang.

* *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".*