THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about any of the contents of this circular, you should obtain independent professional advice.

If you have sold or transferred all your H Shares in **Shanghai Jin Jiang International Hotels (Group) Company Limited**, you should at once hand this circular together with the form of proxy and reply slip received to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Jin Jiang Hotels

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)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

A letter from the Board is set out on pages 4 to 13 of this circular. A letter from the Independent Board Committee is set out on pages 14 to 15 of this circular. A letter from the Independent Financial Adviser is set out on pages 16 to 30 of this circular. The notice convening the EGM to be held at 9 a.m. on 19 December 2013 at New Asia Ballroom, InterContinental Shanghai Pudong 3F, No. 777 Zhang Yang Road, Shanghai, the PRC, together with the form of proxy and reply slip for the EGM, have been despatched to the Shareholders on 4 November 2013.

If you intend to attend the EGM, please complete and return the reply slip in accordance with the instructions printed thereon as soon as possible and in any event by no later than 29 November 2013.

Whether or not you are able to attend the EGM, please complete and return the form of proxy in accordance with the instructions printed thereon. The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be either executed under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the Company's member, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.

In the case of joint holders of shares of the Company, only the holder whose name stands first in the register of members of the Company shall alone be entitled to vote at the EGM, either in person or by proxy in respect of such shares.

For holders of the H Shares of the Company, please return the proxy form together with any documents of authority to Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. For holders of the Domestic Shares of the Company, please return the proxy form together with any documents of authority to the Office of the Board of Directors of the Company in the PRC at 26th Floor, Union Building, No. 100 Yan'an East Road, Shanghai, the PRC as soon as possible, and in any event not later than 24 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof should you so wish.

* *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".*

22 November 2013

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Articles of Association"	Articles of Association of the Company
"associate"	has the meaning ascribed thereto under the Listing Rules
"Board"	The board of Directors
"China" or "PRC"	The People's Republic of China
"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
"connected person"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	The total consideration for the transfer of equity interest from the Company to Jin Jiang Investment under the Equity Transfer Agreement
"controlling shareholder"	has the meaning ascribed to such terms under the Listing Rules
"Directors"	The directors of the Company
"Domestic Shares"	domestic shares of book value of RMB1.00 each in the share capital of the Company
"EGM"	an extraordinary general meeting of the Company to be convened at New Asia Ballroom, InterContinental Shanghai Pudong 3F, No. 777 Zhang Yang Road, Shanghai, the PRC on Thursday, 19 December 2013 for the purposes of considering and approving, among others, the transaction under the Equity Transfer Agreement
"Equity Transfer Agreement"	The equity transfer agreement entered into between the Company and Jin Jiang Investment on 1 November 2013
"Group"	The Company and its subsidiaries
"Guarantee"	The guarantee agreement entered into between the Company, Jin Jiang Investment and Jin Jiang International on 1 November 2013
"H Shares"	Hong Kong listed shares of RMB1.00 each in the share capital of the Company

"HK$"	The lawful currency of the Hong Kong Special Administrative Region of the PRC
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"Hua Ting Hotel"	上海華亭賓館有限公司 (Shanghai Hua Ting Hotel and Towers Company Limited), a limited liability company incorporated in the PRC
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors, established in respect of the transaction under the Equity Transfer Agreement
"Independent Financial Adviser"	Asian Capital (Corporate Finance) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction under the Equity Transfer Agreement
"Independent Shareholders"	the shareholders of the Company, except Jin Jiang International and its associates
"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 Latest Practicable Date and whose A shares and B shares are listed on the Shanghai Stock Exchange as at the Latest Practicable Date
"Jin Jiang Investment"	上海錦江國際投資管理有限公司 (Shanghai Jin Jiang International Investment and Management Company Limited), which owns a 50% equity interest in Hua Ting Hotel before completion of the transaction under the Equity Transfer Agreement
"Jin Jiang International"	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), which is interested in 100% equity interest in Jin Jiang Investment and 75% issued share capital of the Company
"Latest Practicable Date"	19 November 2013, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular

"Listing Rules"	The Rules Governing the Listing Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix 10 to the Listing Rules
"percentage ratios"	has the meaning ascribed to such terms under the Listing Rules
"RMB"	The lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
"Shareholder(s)"	Holder(s) of Shares of the Company
"Shares"	Domestic Shares and H Shares
"SHUAEE"	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed to such term under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"%"	per cent

The exchange rate adopted in this circular for illustration purpose only is HK$1.00 = RMB0.79.

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)

Executive Directors:
Mr. Yu Minliang
Ms. Chen Wenjun
Mr. Yang Weimin
Mr. Yang Yuanping
Mr. Shao Xiaoming
Mr. Han Min
Mr. Kang Ming

Independent non-executive Directors:
Mr. Ji Gang
Mr. Sun Dajian
Dr. Rui Mingjie
Mr. Yang Menghua
Dr. Tu Qiyu
Mr. Shen Chengxiang

Legal address in the PRC:
Room 316–318
No. 24 Yang Xin Dong Road
Shanghai
The PRC

Principal places of business in the PRC:
26/F., Union Building
No. 100 Yan'an East Road
Shanghai, the PRC

Principal place of business in Hong Kong:
Room 3203, 32nd Floor
Shun Tak Centre, West Tower
200 Connaught Road Central
Hong Kong

22 November 2013

To the holders of Shares of the Company

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

I. INTRODUCTION

Reference is made to the Company's announcement dated 1 November 2013.

The main purpose of this circular is to provide you with, among other things:

(a) details of the transaction under the Equity Transfer Agreement as set out in this circular;

(b) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration); and

* *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".*

(c) the recommendation of the Independent Board Committee in respect of the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration).

II. THE EQUITY TRANSFER AGREEMENT AND THE GUARANTEE

On 1 November 2013, the Company entered into the Equity Transfer Agreement with Jin Jiang Investment, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel, a non-wholly owned subsidiary of the Company, to Jin Jiang Investment at a cash Consideration of RMB901,302,638.46 (equivalent to approximately HK$1,140,889,415.77).

The principal terms of the Equity Transfer Agreement are as follows:

(a) Date:	1 November 2013
(b) Parties:	(1) Vendor: the Company (2) Purchaser: Jin Jiang Investment
(c) Subject matter:	The Company shall transfer its 45% equity interest in Hua Ting Hotel to Jin Jiang Investment. Upon completion of the Equity Transfer Agreement, the Company's equity interest in Hua Ting Hotel shall be reduced from 50% to 5%, and Jin Jiang Investment's equity interest in Hua Ting Hotel shall be increased from 50% to 95%. As such, Hua Ting Hotel will cease to be a subsidiary of the Company.

(d) Consideration: The equity interest in Hua Ting Hotel was transferred by the Company through an open listing process and a subsequent commercial negotiation conducted through the SHUAEE. The Equity Transfer Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. Pursuant to the Equity Transfer Agreement, the Consideration is RMB901,302,638.46 (equivalent to approximately HK$1,140,889,415.77) being the listing price, determined based on the entire equity value of Hua Ting Hotel as at 30 June 2013 valued at RMB2,002,894,752.13 (equivalent to approximately HK$2,535,423,736.87) according to the enterprise valuation report dated 22 September 2013 on Hua Ting Hotel prepared by an independent and qualified PRC appraiser, Shanghai Orient Asset Appraisal Co., Ltd., using the asset-based method, adjusted by 45% equity interest in Hua Ting Hotel. The assets of Hua Ting Hotel do not consist solely or mainly of property, therefore a valuation of and information on the property of Hua Ting Hotel are not required to be included in this circular according to Rule 5.03 of the Listing Rules. For the purpose of completeness, the abovementioned enterprise valuation report is set out in Appendix I of this circular to provide further information to the Shareholders for reference. Such enterprise valuation report was not prepared in accordance with the requirements under Chapter 5 of the Listing Rules.

The Consideration shall be paid by Jin Jiang Investment by three instalments. The first instalment in the amount of RMB270,390,791.54 (equivalent to approximately HK$342,266,824.73), being 30% of the Consideration shall be paid to the bank account designated by SHUAEE within five (5) working days after the date of the Equity Transfer Agreement which shall be transferred to the Company from SHUAEE after issuance of the certificate of equity transfer by SHUAEE. The second instalment in the amount of RMB225,325,659.62 (equivalent to approximately HK$285,222,353.95), being 25% of the Consideration shall be paid to the bank account designated by the Company before 20 December 2013. The remaining balance of the Consideration in the amount of RMB405,586,187.30 (equivalent to approximately HK$513,400,237.09) shall be paid to the Company within four (4) months after the date on which the registration of the change in equity interest with the industry and commerce administration authority is completed. Jin Jiang Investment shall pay interest to the Company relating to the second instalment and the remaining balance of the Consideration, for the period between the first instalment payment date and their respective payment dates. Such rate of interest shall be determined according to the loan interest rate stipulated by the People's Bank of China for a loan with the same term. The aggregate interest among payable is expected not to exceed RMB 13,500,000.00 (equivalent to approximately HK$17,088,607.59).

(e) Financial information: For the two financial years ended 31 December 2011 and 2012, the audited net profit before taxation of Hua Ting Hotel amounted to RMB8,200,356.63 (equivalent to approximately HK$10,380,198.27) and RMB1,810,460.31 (equivalent to approximately HK$2,291,721.91), respectively, and the audited net profit after taxation amounted to RMB6,212,473.64 (equivalent to approximately HK$7,863,890.68) and RMB1,522,256.73 (equivalent to approximately HK$1,926,907.25), respectively. The audited net asset value of Hua Ting Hotel as at 30 June 2013 is RMB330,571,019.67 (equivalent to approximately HK$418,444,328.70). All audited and unaudited financial information of Hua Ting Hotel disclosed in this circular have been prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.

(f) Completion: The Equity Transfer Agreement shall be completed upon (i) the registration of the change in equity interest with the industry and commerce administration authority having been completed; (ii) the remaining balance of the Consideration having been paid.

(g) Effectiveness of the Equity Transfer Agreement: The Equity Transfer Agreement shall become effective after it is approved at an extraordinary general meeting of the Company and the Company has complied with the relevant requirements under the Listing Rules.

In addition, on 1 November 2013, the Company, Jin Jiang International and Jin Jiang Investment entered into the Guarantee, pursuant to which Jin Jiang International agreed to provide a guarantee in respect of Jin Jiang Investment's payment obligation under the Equity Transfer Agreement. In the event that Jin Jiang Investment fails to pay the second instalment and the remaining balance of the Consideration in accordance with the Equity Transfer Agreement, the Company shall be entitled to request Jin Jiang International to undertake its joint liability under the Guarantee whereby Jin Jiang International shall undertake the relevant payment obligation of Jin Jiang Investment under the Equity Transfer Agreement.

Reasons for Entering into the Equity Transfer Agreement

The transaction under the Equity Transfer Agreement is in line with the strategic planning of the Group and the interests of the Shareholders as a whole, improving the Group's assets liquidity and financial positions and optimizating the Group's assets allocation. The Company intends to use the net proceeds from the transaction under the Equity Transfer Agreement as general working capital of the Group.

The Board (including the independent non-executive Directors, whose view is formed after taking into account the advice from the Independent Financial Adviser) believes that the terms of the Equity Transfer Agreement (including the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Directors expect that the transfer of the 45% equity interest in Hua Ting Hotel would realize a gain before tax on transfer of approximately RMB260,000,000.00 (equivalent to approximately HK$329,113,925.05), based on the difference between the Consideration and the net book value attributable to the 45% equity interest in Hua Ting Hotel.

General Information

(a) Principal Business Activities

The Group is principally engaged in full service hotel operation and management, select service hotel operation and franchising, food and restaurant operation, vehicle operation and logistics, travel agency and other hotel-related businesses.

Jin Jiang International is one of the largest integrated hotel and travel conglomerates in the PRC. The principal businesses of Jin Jiang International are hotel operation and management, travel, passenger transportation, as well as food and beverages.

Jin Jiang Investment is principally engaged in investment management, equity investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting and asset management, etc.

Huating Hotel is principally engaged in hotel and related services and owns Shanghai Huating Hotel & Towers, a 5-star hotel located at No.1200, Caoxi North Road, Shanghai, the PRC, which has 773 guest rooms, lounge, restaurants, multi-function rooms, a swimming pool, a business centre, a fitness centre and a parking lot.

(b) Implications under the Listing Rules

As the relevant percentage ratio for the transaction under the Equity Transfer Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As Jin Jiang International is the controlling shareholder of the Company, it is also a connected person of the Company and therefore the transaction under the Guarantee also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such connected transaction is exempted from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules as the transaction constitutes a financial assistance provided by a connected person for the benefit of the Company on normal commercial terms where no charge over the assets of the Company is created in respect of the financial assistance.

The Board (including the independent non-executive Directors, whose view is formed after taking into account the advice from the Independent Financial Adviser) believes that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. Other than Mr. Yu Minliang and Ms. Chen Wenjun, no other Director had a material interest in the transaction under the Equity Transfer Agreement and was required to abstain from voting at the Board meeting in relation to the transaction under the Equity Transfer Agreement.

Jin Jiang International is the controlling shareholder of the Company, therefore Jin Jiang International and its associates are connected persons of the Company. Pursuant to Rule 14A.59(5) of the Listing Rules, where independent shareholders' approval is required with regard to a connected transaction, any connected person with a material interest in such transaction and any shareholder with a material interest in such transaction and its associates, will not vote on such transaction. Accordingly, Jin Jiang International and its associates shall at the EGM abstain from voting in respect of the relevant resolution to approve the transaction under the Equity Transfer Agreement, which will be taken on a poll as required under the Listing Rules. As at the Latest Practicable Date, Jin Jiang International and its associates controlled or were entitled to exercise control over the voting rights in respect of 4,174,500,000 Domestic

Shares in the Company, representing approximately 75% of the entire issued share capital of the Company. To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

(i) there was no voting trust or other agreement, arrangement or understanding entered into by or binding upon Jin Jiang International;

(ii) Jin Jiang International was not subject to any obligation or entitlement whereby it had or might have temporarily or permanently passed control over the exercise of the voting right in respect of its shares in the Company to a third party, whether generally or on a case-by-case basis; and

(iii) it was not expected that there would be any discrepancy between Jin Jiang International's beneficial shareholding interest in the Company, and the number of Shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the EGM.

As far as the Directors are aware, other than Jin Jiang International and its associates, no other Shareholder has a material interest in the transaction under the Equity Transfer Agreement and has to abstain from voting at the EGM in respect of the relevant resolution to approve the transaction under the Equity Transfer Agreement.

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration). The letter from the Independent Board Committee and its recommendations to the Independent Shareholders are set out on pages 14 to 15 of this circular, and the opinion letter from the Independent Financial Adviser is set out on pages 16 to 30 of this circular.

III. EGM

The notice convening of the EGM to be held on 19 December 2013 at New Asia Ballroom, InterContinental Shanghai Pudong 3F, No. 777 Zhang Yang Road, Shanghai, the PRC has been despatched to the Shareholders on 4 November 2013.

The proxy form for use at the EGM has also been despatched to the Shareholders together with the notice. Whether or not you are able to attend the EGM, you are requested to complete, sign and return the proxy form in accordance with the instructions printed thereon.

To be valid, for holders of the H Shares, the form of proxy together with the power of attorney (if any) or other authorisation documents under which it is signed (if any) or a notarially certified copy thereof, must be delivered to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183

Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM in order for such documents to be valid. For holders of the Domestic Shares, the form of proxy together with the power of attorney (if any) or other authorisation documents under which it is signed (if any) or a notarially certified copy thereof, must be delivered to the Office of the Board of Directors of the Company in the PRC at 26th Floor, Union Building, No. 100 Yan'an East Road, Shanghai, not less than 24 hours before the time for holding the EGM in order for such documents to be valid.

Holders of the H Shares and Domestic Shares, who intend to attend the EGM, must complete the reply slip and return them to the Office of the Board of Directors of the Company not later than 20 days before the date of the EGM, i.e. no later than 29 November 2013.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of Shareholders at general meetings must be taken by poll. The Chairman of the meeting will therefore demand a poll for every resolution to be passed at the EGM pursuant to the Articles of Association.

The demand for a poll may be withdrawn by the person who makes such demand. A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. On a poll taken at the meeting, a Shareholder (including proxy) entitled to two or more votes need not cast all his or her votes in the same way.

Pursuant to the Articles of Association, for the purpose of holding the EGM, the Register of Members of the Company will be closed from 19 November 2013 to 19 December 2013 (both days inclusive), during which period no transfer of shares of the Company will be registered. Shareholders whose names appear on the Register of Members for holders of the H Shares of the Company at the close of business on 19 December 2013 are entitled to attend and vote at the EGM. Shareholders whose names appear on the Register of Members for holders of the Domestic Shares at the close of business on 19 December 2013 are entitled to attend and vote at the EGM.

In order to attend the EGM, holders of the H Shares shall lodge all transfers together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Company's H Shares registrar, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on 18 November 2013.

IV. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee which is set out on pages 14 to 15 of this circular, and the letter from the Independent Financial Adviser which is set out on pages 16 to 30 of this circular.

Having taken into account the advice of the Independent Financial Adviser, the Independent Board Committee considers that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the transaction under the Equity Transfer Agreement.

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

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)

22 November 2013

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

We refer to the circular dated 22 November 2013 (the "**Circular**") to the shareholders of Shanghai Jin Jiang International Hotels (Group) Company Limited (the "**Company**") of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee, which has been established to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration), details of which are set out in the letter from the Board contained in the Circular. None of us has a material interest in the transaction under the Equity Transfer Agreement.

As the relevant percentage ratio for the transaction under the Equity Transfer Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

* *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".*

Asian Capital (Corporate Finance) Limited has been appointed as the independent financial adviser to advise us in respect of the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration). We wish to draw your attention to the opinion letter from Asian Capital (Corporate Finance) Limited as set out on pages 16 to 30 of the Circular.

As members of the Independent Board Committee, we have discussed with the management of the Company in relation to the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration), and the basis upon which the terms of the transaction under the Equity Transfer Agreement have been determined. We have also taken into account the principal factors and reasons considered by Asian Capital (Corporate Finance) Limited in forming its opinion in relation to the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration).

Having taken into account the advice of Asian Capital (Corporate Finance) Limited, we consider that the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM in respect of the transaction under the Equity Transfer Agreement.

Yours faithfully,
Mr. Ji Gang
Mr. Sun Dajian
Dr. Rui Mingjie
Mr. Yang Menghua
Dr. Tu Qiyu and
Mr. Shen Chengxiang
Independent Board Committee

The following is the full text of the letter from Asian Capital (Corporate Finance) Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

ASIAN CAPITAL
(CORPORATE FINANCE) LIMITED
卓亞(企業融資)有限公司

To the Independent Board Committee and the Independent Shareholders of Shanghai Jin Jiang International Hotels (Group) Company Limited

22 November 2013

Dear Sirs or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION EQUITY TRANSFER AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise whether the Equity Transfer Agreement is in the interests of the Company and the Shareholders as a whole and whether the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned, details of which are set out in the letter from the Board contained in the circular of the Company dated 22 November 2013 (the "**Circular**") of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context indicates otherwise.

Reference is made to the announcements of the Company dated 24 September 2013, 28 October 2013 and 1 November 2013. Following the completion of the open listing process on SHUAEE in relation to the transfer of 45% equity interest in Hua Ting Hotel holding by the Company, the Company and Jin Jiang Investment entered into the Equity Transfer Agreement on 1 November 2013, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel, a non-wholly owned subsidiary of the Company, to Jin Jiang Investment at a Consideration of RMB901,302,638.46 (equivalent to approximately HK$1,140,889,415.77) by cash (the "**Equity Transfer**").

As the relevant percentage ratio for the Equity Transfer exceeds 5% but is less than 25%, the Equity Transfer constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel, it is therefore a connected person of the Company under the Listing Rules.

Accordingly, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

Other than Mr Yu Minliang and Ms Chen Wenjun, no other Director had a material interest in the Equity Transfer and was required to abstain from voting at the Board meeting in relation to the Equity Transfer.

Jin Jiang International is the controlling shareholder of the Company, therefore Jin Jiang International and its associates are connected persons of the Company. Pursuant to Rule 14A.59(5) of the Listing Rules, where independent shareholders' approval is required with regard to a connected transaction, any connected person with a material interest in such transaction and any shareholder with a material interest in such transaction and its associates, will not vote on such transaction. Accordingly, Jin Jiang International and its associates shall at the EGM abstain from voting in respect of the relevant resolution to approve Equity Transfer, which will be taken on a poll as required under the Listing Rules. As at the Latest Practicable Date, Jin Jiang International and its associates controlled or were entitled to exercise control over the voting rights in respect of 4,174,500,000 Domestic Shares in the Company, representing approximately 75% of the entire issued share capital of the Company. To the extent that the Company is aware having made all reasonable enquiries, as at the Latest Practicable Date:

(i) there was no voting trust or other agreement, arrangement or understanding entered into by or binding upon Jin Jiang International;

(ii) Jin Jiang International was not subject to any obligation or entitlement whereby it had or might have temporarily or permanently passed control over the exercise of the voting right in respect of its shares in the Company to a third party, whether generally or on a case-by-case basis; and

(iii) it was not expected that there would be any discrepancy between Jin Jiang International's beneficial shareholding interest in the Company, and the number of Shares in the Company in respect of which it would control or would be entitled to exercise control over the voting right at the EGM.

As far as the Directors are aware, other than Jin Jiang International and its associates, no other Shareholder has a material interest in the Equity Transfer and has to abstain from voting at the EGM in respect of the relevant resolution to approve the Equity Transfer.

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Equity Transfer Agreement and the transaction contemplated thereunder (including the Consideration).

We are not connected with the Company or any of its substantial Shareholders or any person acting or deemed to be acting in concert with any of them and accordingly, are considered eligible to give independent advice on the Equity Transfer. Apart from a normal professional fee payable to us in connection with this appointment, no arrangements exist whereby we will receive any fees or benefits from the Company or any of its substantial Shareholders or any person acting or deemed to be acting in concert with any of them.

BASIS OF OUR OPINION

In forming our opinion and recommendation in relation to the Equity Transfer, we have considered, among other matters, information and documents including but not limited to (i) the letter from the Board contained in the Circular; (ii) the Equity Transfer Agreement; (iii) the valuation report prepared by Orient Appraisal Company Limited (the "**Valuer**") dated 22 September 2013 (the "**Valuation Report**"); (iv) the special audit report of Hua Ting Hotel for the years ended 31 December 2011 and 2012 and the six-month period ended 30 June 2013 issued by PricewaterhouseCoopers Zhong Tian LLP (the "**Special Report**");and (v) the annual reports of the Company for the years ended 31 December 2011 and 2012 and the unaudited interim report of the Company for the period ended 30 June 2013. We have also relied on the information provided and statements and opinions made by the Company, its Directors, advisers and representatives, for which they take full responsibilities. We assumed that all relevant information and statements were true, accurate and complete at the time they were given or made and continue to be so as at the date of the Circular. We also assumed that all views, opinions and statements of intention provided by the Directors, advisers and representatives of the Company had been arrived at after due and careful enquiries. The Company confirmed that there were no other material facts not contained in the information provided to us the omission of which would make any statement or opinion contained in the Circular misleading.

We have no reason to suspect that any material fact or information has been omitted or with held from the information or opinions provided to us by the Company, its Directors, advisers or representatives, or to doubt the truth, accuracy or completeness of the information and representations or reasonableness of the opinions provided to us by them. We have not, however, conducted any independent verification on the information provided to us by the Company, its Directors, advisers or representatives, nor have we conducted any independent investigation into the business and affairs or the prospects of the Group. We therefore do not guarantee the accuracy or completeness of any of such information.

THE EQUITY TRANSFER AGREEMENT

On 1 November 2013, the Company entered into the Equity Transfer Agreement with Jin Jiang Investment, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel, a non-wholly owned subsidiary of the Company, to Jin Jiang Investment at a cash Consideration of RMB 901,302,638.46 (equivalent to approximately HK$1,140,889,415.77).

The principal terms of the Equity Transfer Agreement are as follows:

Date:	1 November 2013
Parties:	Vendor: the Company Purchaser: Jin Jiang Investment
Subject matter:	The Company shall transfer its 45% equity interest in Hua Ting Hotel to Jin Jiang Investment. Upon completion of the Equity Transfer Agreement, the Company's equity interest in Hua Ting Hotel shall be reduced from 50% to 5%, and Jin Jiang Investment's equity interest in Hua Ting Hotel shall be increased from 50% to 95%. As such, Hua Ting Hotel will cease to be a subsidiary of the Company.
Consideration:	The equity interest in Hua Ting Hotel was transferred by the Company through an open listing process and a subsequent commercial negotiation conducted through the SHUAEE. The Equity Transfer Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. Pursuant to the Equity Transfer Agreement, the Consideration is RMB901,302,638.46 (equivalent to approximately HK$1,140,889,415.77) being the listing price, determined based on the entire equity value of Hua Ting Hotel as at 30 June 2013 valued at RMB2,002,894,752.13 (equivalent to approximately HK$2,535,423,736.87) according to the Valuation Report, using the asset-based method by the Valuer, adjusted by 45% equity interest in Hua Ting Hotel.

The Consideration shall be paid by Jin Jiang Investment by three instalments. The first instalment in the amount of RMB270,390,791.54 (equivalent to approximately HK$342,266,824.73), being 30% of the Consideration shall be paid to the bank account designated by SHUAEE within five (5) working days after the date of the Equity Transfer Agreement which shall be transferred to the Company from SHUAEE after issuance of the certificate of equity transfer by SHUAEE. The second instalment in the amount of RMB225,325,659.62 (equivalent to approximately HK$285,222,353.95), being 25% of the Consideration shall be paid to the bank account designated by the Company before 20 December 2013. The remaining balance of the Consideration in the amount of RMB405,586,187.30 (equivalent to approximately HK$513,400,237.09) shall be paid to the Company within four (4) months after the date on which the registration of the change in equity interest with the industry and commerce administration authority is completed. Jin Jiang Investment shall pay interest to the Company relating to the second instalment and the remaining balance of the Consideration, for the period between the first instalment payment date and their respective payment dates. Such rate of interest shall be determined according to the loan interest rate stipulated by the People's Bank of China for a loan with the same term. The aggregate interest amount payable is expected not to exceed RMB13,500,000.00 (equivalent to approximately HK$17,088,607.59).

Completion: The Equity Transfer Agreement shall be completed upon (i) the registration of the change in equity interest with the industry and commerce administration authorities having been completed; and (ii) the remaining balance of the Consideration having been paid.

Effectiveness of the Equity Transfer Agreement: The Equity Transfer Agreement shall become effective after it is approved at an extraordinary general meeting of the Company and the Company has complied with the relevant requirements under the Listing Rules.

We have reviewed all the terms of the Equity Transfer Agreement and note that there are no extra-ordinary terms or less favorable terms to the Company in the Equity Transfer Agreement. We are of the view that the Equity Transfer is under normal commercial terms and the terms under the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

PRINCIPLE FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement, we have considered the following principal factors:

1. Background of the Group

The Group is principally engaged in full service hotel operation and management, select service hotel operation and franchising, food and restaurant operation, vehicle operation and logistics, travel agency and other hotel-related businesses.

The Group is structured as a horizontally integrated hospitality and travel services provider, offering hospitality services tailored to all segments ranging from select service to full service hotel operation. This structure enables the Group to enjoy economies of scale as well as providing the Group with a platform to increase its market presence.

Set out below is a summary of financial positions of the Group as at 31 December 2011, 31 December 2012 and 30 June 2013 extracted from the respective annual report and interim report of the Company:

	As at 31 December		As at 30 June
	2011	**2012**	**2013**
	(RMB in million) (audited)	*(RMB in million)* (audited)	*(RMB in million)* (unaudited)
Current assets	3,970	4,917	5,181
Current liabilities	3,748	4,246	6,169
Working capital *(Note1)*	222	671	(988)
Total borrowings	2,379	2,666	3,396
Total assets	18,266	19,259	20,211
Gearing ratio *(Note2)*	13.0%	13.8%	16.8%

Note1: the working capital is calculated as current assets less current liabilities.

Note2: the gearing ratio is calculated as total borrowings divided by total assets.

As illustrated in the table above, the working capital of the Group improved from approximately RMB222 million as at 31 December 2011 to RMB671 million as at 31 December 2012. However, the working capital of the Group as at 30 June 2013 decreased to a net current liabilities position as at 30 June 2013. In the meantime, the gearing ratio of the Group has also increased from approximately 13.8% as at 31 December 2012 to approximately 16.8% as at 30 June 2013. As advised by the management, the decrease of working capital and increase of gearing ratio was mainly due to a short-term borrowing obtained from Jin Jiang International amounting to RMB1,100 million. The short-term borrowing is used for the purchase of 100% equity interest in Smart Hotel Management Co., Ltd ("**Smart Hotel**") by Shanghai Jin Jiang International Hotels Development, a subsidiary of the Company, on 14 June 2013 at a consideration of RMB710 million and the settlement of borrowings amounting to RMB636 million owned by Smart Hotel to Tianjin Huasheng Tourism Equity Investment Partners (LLP) by Jin Jiang Development. Reference is made to the announcement of the Company dated 16 June 2013 in respect of this transaction. Apart from the short-term borrowing as mentioned above, there is no material adverse change in the operation and financial position of the Group since 31 December 2012 to the Latest Practicable Date.

As advised by the management, the Group intends to continue to expand its market share in the PRC and diversify its hotel portfolio, the acquisition of Smart Hotel and disposal of Hua Tin Hotel are both in line with the strategic planning of the Group.

As disclosed in the letter from the Board, the proceeds from the Equity Transfer will be used as working capital, therefore this will improve the financial position of the Group.

2. Background of the counterparties

Jin Jiang Investment, being the purchaser under the Equity Transfer Agreement, is principally engaged in investment management, equity investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting and asset management, etc.

Jin Jiang International, being the guarantor under the Equity Transfer Agreement as well as the controlling shareholder of both the Company and Jin Jiang Investment, is one of the largest integrated hotel and travel conglomerates in the PRC. The principal businesses of Jin Jiang International are hotel operation and management, travel, passenger transportation, as well as food and beverages.

3. Background of Hua Ting Hotel

Hua Ting Hotel is principally engaged in hotel and related services and owns Shanghai Hua Ting Hotel & Towers, a 5-star hotel located at No. 1200, Caoxi North Road, Shanghai, the PRC, which has 773 guest rooms, lounge, restaurants, multi-function rooms, a swimming pool, a business centre, a fitness centre and a parking lot.

Set out below is the financial information of Hua Ting Hotel extracted from the Special Report and the Valuation Report:

	Book value per Special Report As at 31 December 2011 (RMB in million)	Book value per Special Report As at 31 December 2012 (RMB in million)	As at 30 June 2013 (RMB in million)	Assessed value per Valuation Report As at 30 June 2013 (RMB in million)	Appreciation rate based on the value as at 30 June 2013 (%)
Current assets	176	189	196	196	0
Non-current assets					
— Properties	114	108	105	586	458
— Land use rights	30	29	28	1,259	4,396
— Other non-current assets	59	47	42	3	–93 *(Note)*
Total assets	379	373	371	2,044	451
Equity	335	330	331	2,003	505

Note: Pursuant to the Valuation Report, depreciation was recorded upon appraisal for the following reasons:

(1) Machinery equipment and electronic equipment: The values of ancillary facilities such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment have been included in the pricing indicator of the main building of Huating Hotel. Such indicator covers ancillary facilities such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment. Therefore these facilities have not been separately assessed, resulting in depreciation in the original and net assessed value.

(2) Transportation equipment: depreciation in the original assessed value is caused by the decline in vehicle prices in recent years; however, since the period of depreciation for transportation equipment set by the Company is shorter than their life of economic use, while the appraisal has been based on a newness rate determined by the economic life of the equipment and the actual conditions. Therefore there are differences between the two; moreover, the appraisal has also taken into account the market price for a license for mini passenger vans. The said factors have resulted in an appreciation in the assessed net value of transportation equipment.

Taking into consideration the above factors, the value of fixed assets — equipment has been reduced by RMB38,737,000, representing a depreciation rate of 93.52%.

As illustrated above, the financial position of Hua Ting Hotel generally remained stable from 31 December 2011 to 30 June 2013. The assessed value and appreciation rate are considered in section 5(i)(c)below where the Consideration is analyzed.

Based on the information extracted from the Valuation Report, the Special Report, the annual reports of the Company for the years ended 31 December 2011 and 2012 and the interim report of the Company for the six-month period ended 30 June 2013, the table set out below summarized (i) the net profit after tax of Hua Ting Hotel; (ii) the occupancy rate of Hua Ting Hotel and all the 5-star hotels held by the Group; and (iii) the average room rate of Hua Ting Hotel and all the 5-star hotels held by the Group, for the years ended 31 December 2011 and 2012 and the six-month period ended 30 June 2013:

	For the year ended 31 December		For the six-month period ended 30 June
	2011	**2012**	**2013**
Profit after tax of Hua Ting Hotel (in RMB million)	6.21	1.52	0.13
Occupancy rate of Hua Ting Hotel	42%	47%	47%
Occupancy rate of 5-star hotels held by the Group (including Hua Ting Hotel)	56%	62%	59%
Average room rate of Hua Ting Hotel	688	597	539
Average room rate of 5-star hotels held by the Group (including Hua Ting Hotel)	827	776	817

Note: The occupancy rate represents rooms in use divided by available rooms for a given period. Available rooms represents number of rooms available of each hotel after deducting permanent house use. Permanent house use represents guest rooms which have been removed from the rentable inventory for a period longer than six months.

As illustrated in the above table, the net profit after tax of Hua Tin Hotel decreased from RMB6.21 million for the year ended 31 December 2011 to RMB1.52 million for the year ended 31 December 2012 and further decreased to RMB0.13 million for the six-month period ended 30 June 2013. Moreover, the occupancy rate and average room rate of Hua Ting Hotel are both lower than the average performance of 5-star hotels held by the Group, therefore the re-deploy of assets may enhance the return on assets of the Group.

4. Reasons and benefits of the Equity Transfer

As disclosed in the letter from the Board contained in the Circular, the Equity Transfer is in line with the strategic planning of the Group and the interest of Shareholders as a whole, improving the Group's assets liquidity and financial positions and optimizing the Group's assets allocation. The Company intends to use the net proceeds from the Equity Transfer as general working capital of the Group.

As discussed with the management of the Company and with reference to the prospectus issued by the Company on 30 November 2006, we understand that it is the Group's strategy to re-deploy capital to refine the Group's hotel portfolio and adjust its hotels network so as to enhance future profitability. The Group has been seeking for an opportunity to realise the value of its assets at a reasonable price. Given that a succession of land transactions have been recorded with satisfactory price recently in the same district of Hua Ting Hotel and the market has become active driven by these transactions, the management believe that transfer of the equity interest in the Hua Ting Hotel now can realize its intrinsic value. The proceeds from the Equity Transfer would improve the flexibility of the Group to acquire or invest in other hotels with greater growth potential.

5. The Consideration

The Company confirmed that the Consideration was arrived at after arm's length negotiations with reference to (i) the results of the Valuation Report; and (ii) the open listing process and a subsequent commercial negotiation conducted through the SHUAEE. We have acquired and reviewed the Valuation Report and the related information and documents in respective of the open listing process for the purpose of assessing the fairness and reasonableness of the Consideration.

(i) The valuation

Pursuant to Note 1(d) to Rule 13.80 of the Listing Rules, we have, without limiting the generality of the fairness, reasonableness and completeness of the assumptions stated in the Valuation Report, in relation to the Valuer providing an opinion and valuation relevant to the Equity Transfer Agreement:

(a) interviewed the Valuer and reviewed the Valuation Report as to the qualification and independence of the Valuer;

We have reviewed the company profile of the Valuer and the personal profile provided by the Valuer which set out that (i)the Valuer is a large professional appraisal organization in Shanghai and an intermediary consulting organizations that holds the "Qualification Certificate on Asset Appraisal engaged in Securities" jointly issued by China Securities Regulatory Commission and the Ministry of Finance, and the A-grade certificate of assets appraisal organization issued by State-owned Assets Supervision and Administration Commission. The Valuer offers a comprehensive range of valuation services, including the appraisal for taxation purpose, appraisal for enterprise value, appraisal for intangible assets, appraisal for financial report purpose and other appraisal and relevant consultation services; and (ii)both appraisers signed the Valuation Report hold the relevant certificates issued by the recognized institution in the PRC relating to assets valuation and both of them have more than 10 years related working experience as confirmed with the Valuer.

We have reviewed the Valuation Report and noted that the certified appraisers signing the Valuation Report stated that they have observed the principles of independence, objectivity and impartiality and abided by the provisions of applicable laws, regulations and valuation standards in the valuation and the Valuation Report is objective and is based on the materials made available to them during the valuation process and they undertake legal responsibility for the validity of the valuation conclusion. By interviewing the Valuer and the management of the Company, We understand that the valuer is independent of the Company and the other parties involved in the Equity

Transfer. We are also not aware any formal or informal representations made by any party involved in the Equity Transfer to the Valuer affecting the professional independent opinion of the Valuer.

(b) reviewed the terms of engagements of the Valuer set out in the engagement letter and stated in the Valuation Report (having particular regard to the scope of work, whether the scope of work is appropriate to the opinion required to be given and any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report, opinion or statement);

In accordance with the instructions set out in the engagement letter between the Company and the Valuer dated 5 September 2013, the subject of valuation is the value of the partial equity interests in the appraised entity in relation to the Equity Transfer and the scope of valuation includes all assets and liabilities of the appraised entity. As stated in the Valuation Report, the Valuer has conducted on-site inspection of Hua Ting Hotel and the assets associated there with referred to the Valuation Report; they have given due attention to the legal ownership status of Hua Ting Hotel and its associated assets, inspected information on the legal ownership of Hua Ting Hotel and its associated assets, provided truthful disclosure of any problems identified and requested the client and its related parties to rectify the ownership in fulfillment of the requirements for furnishing an enterprise valuation report.

(c) reviewed the methodologies applied by the Valuer in respect of its reasonableness in assessing the value of all the assets and liabilities of Hua Ting Hotel as set in the valuation scope.

As stated in the Valuation Report, the Valuer held that the assets-based method is the most appropriate method in assessing the value of Hua Ting Hotel though both the assets-based method and the income method are feasible for the valuation purpose as analyzed by the Valuer considering that: (i) the ownership of the assets of the appraised entity is unambiguous and its financial information is complete; and (ii) the appraised entity could be viewed as an independent profit generating unit as a whole. Apart from the generation of value by each asset, intangible assets formed by integrated factors such as goodwill formed by the reasonable resource allocation, sound management, experience and operation are also an integral part of the value of the appraised entity that should not be overlooked. The reason it stated in the Valuation Report is that occupancy rate was currently high in a lackluster hotel industry, given intense competition in the industry fueled by aggressive moves of foreign-owned high-end hotels to enter the market and the rapid expansion of economy chain hotels and also owing to the fact that the hotel industry was under the material impact of the low season for tourism; moreover, its prime assets comprised real estate properties, the appraised value of which could not be accurately reflected through the income approach.

As illustrated in the table in section 3, considering (i) the assets appreciated most significantly are the properties and land use right, which have appreciated 458% and 4,396% respectively and together accounted for more than 90% of the total assets based on assessed value as at 30 June 2013; (ii) other assets and liabilities are generated by normal business transactions with no extraordinary settlement terms, the likelihood of discrepancy from audited amount is quite low. Therefore, we focus on the analysis of properties and land use right as below:

The main building and ancillary buildings of Hua Ting Hotel ***("buildings of Hua Ting Hotel")***

As mentioned in the Valuation Report, there are 10 courts of buildings of Hua Ting Hotel situated at No. 1200 Caoxi North Road having a gross floor area of 91,247 square metres.

According to the Valuation Report, the assessed value of the buildings of Hua Ting Hotel are calculated as the cost of replacing in a brand new state of the subject asset in its present conditions (the "**replacement price**") less the sum of physical depreciation, functional depreciation and economic depreciation.

The replacement price is arrived at using the analogy method by comparing the buildings of Hua Ting Hotel against the pricing estimation benchmarks for 5-star hotels set out in Pricing Estimation Benchmarks for Construction Works and Analysis of Their Applications (《建設工程造價估算指標與應用分析》) published by Tongji University Publishers (同濟大學出版社) with adjustments. The pricing estimation benchmarks covers various ancillary facilities of the hotel, such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment.

We have reviewed the consideration in determining the key factors as well as the calculation conducted by the Valuer about the replacement price and the newness rate. We noted no indication of unreasonableness or unfairness.

Two counts of ground floor shops and one count of residential property

As mentioned in the Valuation Report, these assets have been assessed using the market comparable method, under which certain property transaction cases with similar conditions or identical value in use are selected under given market conditions and compared to the valuation subject in terms of transaction particulars, transaction dates, regional factors and individual factors and the valuation of the subject property is determined after applying an adjustment coefficient to the transaction case.

We have reviewed the trading samples cited by the Valuer in assessing the above properties, the samples used by the Valuer are comparable in the conditions of the assessed assets. We noted no indication of unreasonableness or unfairness.

Land use rights

Land use rights have been assessed using the market comparable method and coefficient adjustment of land datum value. As the market comparable method reflects the actual level of market acceptance of the site and therefore the results thus calculated can more accurately reflect the value of its land use rights, the valuation conclusion arrived at using the market comparable method has been adopted.

Under the market comparable method, certain land transaction cases with similar conditions or identical value in use are selected under given market conditions and compared to the subject land in terms of transaction particulars, transaction dates, regional factors and individual factors and the land price is determined by applying an adjustment coefficient to the transaction case.

Coefficient adjustment of land datum value is a method to determine the value of the subject land as at the valuation date by using valuation results such as land datum value of cities and towns with reference to adjusted coefficient of land datum value table to compare the regional and individual conditions of the subject land with the average conditions of the region where it is located in accordance with the substitution principle, and to adjust the land datum value by applying the corresponding correction coefficient selected from the adjusted coefficient table.

We have reviewed the trading samples cited by the Valuer and the calculation of the coefficient adjustment with no indication of unreasonableness or unfairness noted.

Taking into account (i) the reason provided by the Valuer for adopting the assets-based method is in line with the market condition and (ii) the valuation amount based on the alternative feasible method, i.e. the income method, which is also performed by the Valuer, is lower than the valuation amount using assets-based method, we are of the view that the assets-based method is appropriate and in the interest of the Shareholders of the Company as a whole.

(ii) The open listing process

The equity interest in Hua Ting Hotel is regarded as a state-owned asset under relevant PRC rules. Pursuant to the Law of the PRC on the State-owned Assets of Enterprises (the "Law on Stated-owned Assets", 中華人民共和國企業國有資產法) promulgated by State-owned Assets Supervision and Administration Commission of the State Council, the transfer of state-owned assets shall follow the principles of valuable consideration, openness, fairness and equity and shall be conducted openly at a legally established property right exchange. The transfer of equity interest in Hua Ting Hotel is also subjected to this regulation accordingly.

The Equity Transfer has gone through an open listing process held by the SHUAEE with the Consideration being the listing price. The open listing process allows the transferor to disclose relevant information of the stated-owned assets to invite prospective transferees openly. In addition, the SHUAEE is a pricing and trading hub entrusted by Shanghai Municipal People's Government and Shanghai State-owned Assets Supervision and Administration Commission for transactions involving stated-owned assets.

Taking into the account the Law on Stated-owned Assets and the background of the SHUAEE, the open listing process is a fair and open platform for the Company to conduct the Equity Transfer.

Taking into account that (i) the Hua Ting Hotel is less profitable than the average performance of the 5-star hotels held by the Group; (ii) the Consideration is based on the valuation which is performed by a Valuer with required qualification and independence, taking appropriate scope and methodology; and (iii) the Consideration of the Equity Transfer was the result of an open listing process, we are of the view that the Consideration is fair and reasonable so far as the Independent Shareholder are concerned.

POSSIBLE FINANCIAL EFFECTS OF THE EQUITY TRANSFER

As disclosed in the letter from the Board, upon completion of the Equity Transfer Agreement, Hua Ting Hotel will cease to be a subsidiary of the Company, therefore, its financial results will no longer be consolidated into the Group's consolidated financial statements.

Effect on earnings

In 2011, the Company remeasured its 50% equity interest in Hua Ting Hotel at fair value with a recognised gain of approximately RMB404 million. Reference is made to the announcement of the Company dated 24 September 2013. Accordingly, as mentioned in the letter from the Board, The Directors expect that the transfer of the 45% equity interest in Hua Ting Hotel would realize a gain before tax on transfer of approximately RMB260 million (equivalent to approximately HK$329 million).

Effect on working capital

As mentioned in the letter from the Board, the net proceeds, being approximately the proceeds from the Equity Transfer after deducting the income tax at a rate of 25%,will be used as general working capital of the Group. As estimated by the management, the working capital of the Group will be improved by approximately RMB697 million (equivalent to approximately HK$882 million) upon completion of the Equity Transfer Agreement.

It should be noted that the aforementioned analysis is for illustration only and not purport to represent how the financial position of the Group will be upon the completion of the Equity Transfer Agreement.

RECOMMENDATIONS

Having considered the above principal factors and reasons, we concur with the Directors' view that the Equity Transfer is under normal commercial terms and that the terms of the Equity Transfer Agreement are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the relevant resolution in relation to the Equity Transfer at the EGM.

Yours faithfully,
For and on behalf of
Asian Capital (Corporate Finance) Limited
Larry CHAN
Executive Director

The following is the text of the enterprise valuation report dated 22 September 2013 from Shanghai Orient Asset Appraisal Co., Ltd. prepared for incorporation into this Circular.

Enterprise Valuation Report

(Report)

Volume 1 of 1

Project Name:	Enterprise Valuation Report in respect of a partial equity interest in Shanghai Hua Ting Hotel and Towers Company Limited under the proposed equity transfer by Shanghai Jin Jiang International Hotels (Group) Company Limited
Reference Number:	Hu Dong Zhou Zi Ping Bao Zi [2013] No. 0652166

Shanghai Orient Asset Appraisal Co., Ltd.

22 September 2013

APPRAISERS' STATEMENT

We, the certified appraisers undersigning this report, hereby represent that we have observed the principles of independence, objectivity and impartiality and abided by the provisions of applicable laws, regulations and valuation standards in the valuation. This report is objective and is based on the materials made available to us during the valuation process and we undertake legal responsibility for the validity of the valuation conclusion.

The list of assets and liabilities of the valuation subject has been prepared by, and confirmed under the seals of, the client and the appraised entity. "Valuation Standards-General" Article 23 stipulates that it is the responsibility of the certified appraisers to carry out analysis and estimation regarding the value of the valuation subject as at the valuation date for a specific purpose in accordance with pertinent laws, regulations and valuation standards and to furnish a professional opinion thereon; while the client and its related parties shall be responsible for providing necessary materials and ensure that the materials so provided are true, valid and complete and for using this report in a proper manner.

We have conducted on-site inspection of the valuation subject and the assets associated therewith referred to in the enterprise valuation report; we have given due attention to the legal ownership status of the valuation subject and its associated assets, inspected information on the legal ownership of the valuation subject and its associated assets, provided truthful disclosure of any problems identified and requested the client and its related parties to rectify the ownership in fulfillment of the requirements for furnishing a enterprise valuation report. In accordance with Article 24 of "Valuation Standards-General" and "Guiding Opinion on CPV's Focus on Legal Ownership of Valuation Subject," the client and its related parties shall be responsible for the truthfulness, validity and completeness of the information provided by them on the legal ownership of the valuation subject. The purpose of the certified asset appraisers in performing the asset appraisal is to estimate the value of the valuation subject and provide a professional opinion thereon. It is beyond the scope of responsibility of the appraisers to confirm or express an opinion on the legal ownership of the valuation subject. This enterprise valuation report does not provide any assurance relating to the legal ownership of the valuation subject.

In accordance with Article 26 of "Valuation Ethics Code — General," this report is subject to the professional competence of the appraisal firm and the appraisers, and related parties should exercise their own independent judgment when making decisions. It is the responsibility of the certified appraisers to remind the users of this enterprise valuation report to understand this report and use it properly use, but the certified appraisers shall not be responsible for the decision-making of the related parties.

The analysis, judgments and conclusion in this enterprise valuation report are subject to the assumptions and limiting conditions referred to in the report. Users of this report should fully consider the assumptions, limiting conditions and additional information set out in this report and their bearing on the valuation conclusion. In accordance with Article 13 of "Valuation Standards-Report," users of this report should read this enterprise valuation report in its entirety and special attention should be drawn to the additional information and limitations on the use of the enterprise valuation report indicated in this enterprise valuation report.

Enterprise Valuation Report

(Contents)

Project Name:	Enterprise valuation report in respect of a partial equity interest in Shanghai Hua Ting Hotel and Towers Company Limited under the proposed equity transfer by Shanghai Jin Jiang International Hotels (Group) Company Limited
Reference Number:	Hu Dong Zhou Zi Ping Bao Zi [2013] No. 0652166

Enterprise Valuation Report
(Summary)

Project Name	Enterprise valuation report in respect of a partial equity interest in Shanghai Hua Ting Hotel and Towers Company Limited under the proposed equity transfer by Shanghai Jin Jiang International Hotels (Group) Company Limited
Reference Number	Hu Dong Zhou Zi Ping Bao Zi [2013] No. 0652166
Client	Shanghai Jin Jiang International Hotels (Group) Company Limited
Other Users of this Report	In accordance with the engagement letter for the valuation, the valid users of this report include the proposed transferee and the users specified by laws and regulations of the PRC.
Appraised entity	Shanghai Hua Ting Hotel and Towers Company Limited
Valuation Purpose	Equity Transfer
Valuation Date	30 June 2013
Subject and Scope of Valuation	The subject of valuation is the value of the partial equity interests in the appraised entity in relation to the equity transfer and the scope of valuation includes all assets and liabilities of the appraised entity. As shown on the asset valuation statement, the carrying value of net assets is RMB330,571,019.67.
Value Type	Market value.
Valuation Method	Methods adopted include mainly the present-value income approach and the asset-based approach. The valuation conclusion based on the asset-based approach is adopted as the final valuation following comprehensive analysis of the appraised entity.
Valuation Conclusion	Upon appraisal, the total equity interest of shareholders of the appraised entity is RMB2,002,894,752.13. (RENMINBI YUAN TWO-THOUSAND-AND-TWO MILLION EIGHT-HUNDRED-AND-NINETY-FOUR THOUSAND AND SEVEN HUNDRED AND FIFTY TWO AND CENTS THIRTEEN) The 45% equity interest proposed to be transferred by the client is valued at RMB901,302,638.46.
Validity	One year from the valuation date ending on 29 June 2014.

Additional Information	Your attention is drawn to the section headed "Additional Information" in this enterprise valuation report for details.

Note: This report can only be used for the purpose expressly stated herein. The information set out above is extracted from the text of the enterprise valuation report. Please read the original text of the report for details of the appraisal and a better understanding of the valuation conclusion.

RE: Enterprise Valuation Report

Important: This report is prepared exclusively for the valuation purpose explicitly stated herein. Please read the entire report and its appendices for details of the valuation.

Shanghai Jin Jiang International Hotels (Group) Company Limited

Shanghai Orient Asset Appraisal Co., Ltd. (hereinafter referred to as "we") has been engaged by the client to conduct a valuation of the proposed equity transfer of part of the equity interests in Shanghai Hua Ting Hotel and Towers Company Limited as at 30 June 2013 to be disposed of by Shanghai Jin Jiang International Hotels (Group) Company Limited by adopting asset approach and income approach according to the applicable laws, regulations and asset appraisal principles, and the requisite valuation procedures. The valuation is as follows:

Project Name	Enterprise valuation report in respect of a partial equity interest in Shanghai Hua Ting Hotel and Towers Company Limited under the proposed equity transfer by Shanghai Jin Jiang International Hotels (Group) Company Limited
Reference Number	Hu Dong Zhou Zi Ping Bao Zi [2013] No. 0652166

I. INFORMATION OF THE CLIENT, OWNER AND OTHER USES OF THIS REPORT

I. Client

Name: Shanghai Jin Jiang International Hotels (Group) Company Limited

Registered Address: Room 316-318, 24 Yangshendonglu, Shanghai

Registered Capital: RMB5,566,000,000

Status: Publicly-listed limited company (joint venture among Taiwan, Hong Kong, Macau and PRC)

Legal Representative: Yu Minliang

Scope of Operation:

Hotel management, hotel investment, corporate investment management, domestic trade, project consultation of office buildings, apartment lettings, car-parks, training and related projects; operations by branch units: hotel operations, food and beverages, merchandise counters (including retail of tobacco and liquors), cake bakeries, coffee shops, cigar bars, music cafes, spa and massage parlours, beauty and hairdressing parlours, recreation rooms, gymnasium, swimming pool arena, car-parking operation, property management (to be operated under permits with administrative approvals)

II. Owner

For the purpose of this report, the owner of the appraised project is Shanghai Jin Jiang International Hotels (Group) Company Limited

III. Other users of this report

In accordance with the engagement letter, the valid users of this report include the proposed transferee and the users specified by laws and regulations of the PRC.

II. INFORMATION OF THE APPRAISED ENTITY

Name: Shanghai Hua Ting Hotel and Towers Company Limited

Registered Address 1200 Caoxibeilu, Shanghai

Registered Capital: RMB120,000,000

Status: Company with limited liability (domestic joint venture)

Legal Representative: Dong Jianzhen

Scope of Operation:

Accommodation, mega-sized restaurants (including cooked and barbecued food), liquor consumption, retail, gymnasium, swimming pools (arena), billiard rooms; chess and card rooms; singing and dancing halls; music restaurants and cafes; development and production of hotel supplies; car rental and repair; consultation and training of hotel facilities and management; valet services; processing and sale of agricultural by-products and food products; office rental; exhibition and fair services; sale of daily consumables, clothing and fashion accessories, shoes and hats, arts and crafts, decorations, domestic appliances, furniture, stationery, sports goods, computers and accessories, recreational products, health products, medical and therapeutic equipment and products, horticultural products; retailing of cigarettes and cigars in the premises under operation (to be operated under permits with administrative approvals)

Profile:

Shanghai Hua Ting Hotel and Towers Company Limited (hereinafter referred to as "Hua Ting Hotel" is located at 1200 Caoxibeilu, the junction between Caoxibeilu and Zhongshanxilu, which is adjacent to the Shanghai Indoor Stadium the east and linked up with the Xujiahui Commercial Centre in the north. Being one of the existing largest and sizeable five-star luxury hotels for commercial and tourists hotels in Shanghai, Hua Ting Hotel is a landmark hotel of the PRC tourist industry. It is conveniently located in Xujiahui, the emerging commercial and recreational centre of Shanghai, adjacent to the Shanghai Indoor Stadium Station of Shanghai Metro Line 1 and the Inner Ring Flyover.

Hua Ting Hotel is one of the seven major hotels approved for construction by the State Council in 1978. Foundation piling of the hotel began in August 1983 with topping on 27 May 1985 and construction was completed on 28 June 1986. Soft opening commenced in September 1986 and was officially opened for business on 29 November 1986. The hotel has a gross floor area of 89,717 square metres, of which 86,543 square metres is occupied by the 28-storey main building, towering approximately 90 metres. Comprising 773 guestrooms, the hotel has executive floors (presidential suites), suites and standard rooms; Chinese restaurants, coffee shops, Japanese restaurants, lobby bars and eateries; banquet and multi-function rooms; gymnasiums, heated swimming pools, beauty and hairdressing parlours, business centres and car-parks to satisfy the needs of different types of guests.

The plane of the hotel's main building has two sections of arcs with opposite curves which are connected by a linear section. Its north-eastern section is terrace-shaped and tapered upwards to form 7 balconies. The middle section has a protruding vertical lift shaft to accommodate 6 high-speed guest lifts and 2 tourist lifts. The longest length of the main building's curve is in excess of 140 metres.

Information of the floors:

The basement has a laundry, shower rooms for staff, a carport for 100 limos and storage rooms designed for the main building;

The lobby, being the main entrance for guests, is located in the middle of the first floor of the podium of the main building. Opposite to the main entrance is the main service counters which are computerised to handle guestroom bookings, guest registration, enquires, settlements of bills and foreign exchange. There are garden restaurants, lobby bars, round-the-clock eateries and small shops in the lobby.

The second floor of the podium is primarily for restaurants. The large banquet room, seating 1,200 persons, can be divided up into 4 separate rooms according to requirements. There are also VIP Restaurant and Huicui Restaurant, which is divisible, providing Chinese and western cuisines. The business centre, which is also on this floor, provides such services as facsimiles, emails, telephones, photocopying, typing and translation, as well as offices and conference rooms for business uses by guests.

The Huijing Restaurant, which is on the third floor of the podium, is available for meeting or catering of 100-200 persons. Its northern end is catered for the cultural, recreational and health activities of guests with a recreational centre comprising gymnasium, swimming pools, saunas, beauty parlours, bars and teahouses. The southern end is a local Shanghai-cuisine restaurant. In the mid-section is a Japanese restaurant.

The fourth and fifth floors are for offices, of which the fourth floor is let as offices on a long-term contract basis. The middle section of the fifth floor is let as offices with some of them being used as offices by the hotel's senior management.

On the sixth to twenty-fifth floors are different types of guestrooms. In view of the terrace shape at the north end, the number of guestrooms on each floor, divided into 4 basic types of A, B, C and D, varies between 34 to 56. At the end of each terrace is luxury suites designed with British, French, Japanese, Thai, Roman and Middle Eastern themes with a corresponding rooftop garden on the balcony of each terrace. The internal decorations of the presidential suites on the twenty-third floor and the Hua Ting Suites on the twenty-fourth floor are luxurious and lavish.

The two Chinese restaurants, Guanyue Terrace and Guanjing Terrace, which are luxurious decorated with areas of 200 and 60 square metres respectively, are on the twenty-sixth floor;

The machine rooms for air-conditioning and the offices of equipment and management personnel are on the twenty-seventh and twenty-eighth floors.

History:

Established in September 1985 as a State-owned legal person enterprise with an initial registered capital of RMB62,360,000, Hua Ting Hotel, the forerunner of Shanghai Hua Ting Hotel and Towers Company Limited, was set up by Shanghai Hua Ting (Group) Company with a contributed capital of RMB52,362,100.

In 2000, Hua Ting Hotel was converted into a limited liability company with a registered capital of RMB120,000,000, of which Shanghai Hua Ting (Group) Company contributed RMB60,000,000 for 50%, Shanghai Jingwen Investment Co., Ltd., contributed RM30,000,000 for 25%, Wenhui-Xinmin United Press Group contributed RMB15,000,000 for 12.5% and Shanghai Media & Entertainment Group Co., Ltd., contributed RMB15,000,000 for 12.5%.

The above capital contributions received was verified by Shanghai Jinke Certified Public Accountants in 2000 with the issue of Hu Jin Hui (2000) no. 213 Capital Verification Report.

On 11 March 2005, with the approval of Hu Jin Ji Jin [2005] No. 73 "in respect of the notice on the transfer of 50% equity interests in Shanghai Hua Ting Hotel and Towers Company Limited", the 50% equity interests held by Shanghai Hua Ting (Group) Company was transferred to Shanghai New Asia (Group) Co., Ltd. (name later changed to Shanghai Jin Jiang International Hotels (Group) Company Limited".

On 1 November 2012, with the approval of Hu Guo Zi Wei Chan Quan [2012] No. 387 "in respect of the letter on the equity transfer agreement of Shanghai Hua Ting Hotel and Towers Company Limited", Shanghai Jingwen Investment Co., Ltd., Wenhui-Xinmin United Press Group and Shanghai Media & Entertainment Group Co., Ltd. agreed to transfer their total equity interests of 50% to Shanghai Jin Jiang International Investment and Management Company Limited.

Subsequent to the above changes in equity interests, the present shareholders' capital contributions and equity interest structure of Hua Ting Hotels as at the valuation date are as follows:

Number	**Name of Shareholders**	**Amount of Capital Contributions** *(RMB'0000)*	**% of Contribution**
1	Shanghai Jin Jiang International Hotels (Group) Company Limited	6,000.00	50%
2	Shanghai Jin Jiang International Investment Management Co., Ltd.	6,000.00	50%
Total		**12,000.00**	**100%**

The financial condition of Hua Ting Hotel for the past two and half years is as follows:

Amount: RMB'0000

Items	**31 December 2011**	**31 December 2012**	**30 June 2013**
Total assets	37,853.41	37,345.58	37,123.76
Total liabilities	4,402.52	4,301.58	4,066.65
Net assets	33,450.89	33,043.99	33,057.10

Items	2011	2012	Jan–Jun 2013
Operating Income	17,475.56	16,972.74	7,854.23
Operating Costs	2,524.64	2,429.36	1,213.21
Total Profit	820.04	181.05	13.35
Net Profit	621.25	152.23	13.11

The above figures are extracted from the special audit report for Jan-Jun 2013, 2012 and 2011 issued by PricewaterhouseCoopers Zhongtian, Certified Public Accountants (special General Partnership), which are unqualified.

The GOP profit of Hua Ting Hotel for the past two and a half years is as follows:

Item	2011	2012	Jan–Jun 2013
Operating income *(RMB'0000)*	17,475.56	16,972.74	7,854.23
GOP Profit *(RMB'0000)*	3,753.27	2,774.89	1,061.97
Guestrooms available for rent	773	773	773
Guestroom letting %	42.36%	47.23%	46.94%
Average rate *(RMB)*	687.73	596.95	538.74

The Enterprise Accounting Standards are adopted by Hua Ting Hotel, with income tax rate at 25%, value-added tax rate at 17%; business tax rate at 5%; rates of urban construction and maintenance tax, educational surcharge, and local educational surcharge are 7%, 3% and 2% respectively.

III. PURPOSE OF VALUATION

According to relevant documents of the economic activity, Shanghai Jin Jiang International Hotels (Group) Company Limited proposed to transfer its 45% equity interests in Shanghai Hua Ting Hotel and Towers Company Limited. The purpose of this valuation is to provide a reference for the value of part of the shareholders' equity interests in Shanghai Hua Ting Hotel and Towers Company Limited in relation to the above economic activity.

The documents in relation to the above economic activity obtained by us are as follows:

1. "The Reply agreeing to the asset valuation in respect of the transfer of the equity interests in Hua Ting Hotel by Shanghai Jin Jiang International Hotels (Group) Company Limited" of Jin Jiang International Holdings Company Limited;

2. Resolution of the Board of Directors of Shanghai Jin Jiang International Hotels (Group) Company Limited.

IV. SCOPE AND SUBJECT OF VALUATION

1. The subject of valuation is the value of part of the shareholders' equity interests in the appraised entity in relation to the equity transfer and the scope of valuation includes all assets and liabilities of the appraised entity. As shown on the asset valuation statement, the carrying values of net assets, total assets and total liabilities are RMB330,571,019.67, RMB371,237,566.58 and RMB40,666,546.91 respectively.

2. According to the information provided by the appraised entity, the 13 items of buildings and structures under the fixed assets of Hua Ting Hotel subject to valuation has a gross floor area of 91,707.46 square metres with carrying values of RMB105,322,682.17, of which:

   (1) The 10 counts of main building and ancillary facilities of Hua Ting Hotel situated at 1200 Caoxibeilu have a gross floor area of 91,247 square metres, of which 89,717 square metres are covered by Real Estate Ownership Certificate Number: Hu Fang Di Xu Zi (2006) No. 003607;

   (2) The 1 count of ground floor shop situated at 657 Shaanxibeilu has a gross floor area of 41.01 square metres under Real Estate Ownership Certificate Number: Hu Fang Di Jing Zi (2001) No. 002961;

   (3) The 1 count of residence situated at No. 10, 400 Hongqiaolu has a gross floor area of 219.45 square metres under Real Estate Ownership Certificate Number: Hu Fang Di Hui Zi (2000) No. 045804;

   (4) The 1 count of ground floor shop situated at the No. 7 exit of Shanghai Indoor Stadium of Shanghai Metro Line 1 has a gross floor area of 200 square metres, which does not have a Real Estate Ownership Certificate. However, pursuant to the agreement between Hua Ting Hotel and Shanghai Metro Company and a confirmation issued by Shanghai Metro Group Company (now converted to Shanghai Metro Operation Co., Ltd., the usage and ownership rights of the shop belong to Hua Ting Hotel.

3. According to the information provided by the appraised entity, the 1 count of land use rights under the intangible assets of Hua Ting Hotel subject to valuation, which has a net carrying value of RMB28,312,525.26, is located at 1200 Caoxibeilu with a land area of 16,866 square metres under Real Estate Ownership Certificate number: Hu Fang Di Hu Zi (2006) No. 003607.

4. According to the information provided by the appraised entity, the 1,445 counts of machinery and equipment, 13 counts of transportation equipment and 1,288 counts of computer equipment have a net carrying value of RMB41,422,555.54. Save for some of the computer equipment not in use due to obsolescence, other equipment are under normal use.

5. The assets subject to valuation have been audited according to the unqualified audit report issued by PricewaterhouseCoopers Zhongtian, Certified Public Accountants (Special General Partnership).

6. Please refer to the breakdown table of asset valuation for details of the types and carrying values of assets and liabilities.

7. Carrying value of the entity refers to historical cost and no prior year adjustment has been made in accordance with the valuation results. Write-offs and strip-offs of non-performing assets have never been carried out prior to this valuation.

V. TYPE AND DEFINITION OF VALUATION

Value type of this valuation is market value, which refers to the estimated amount for the value of the valuation subject as at valuation date in an exchange between a willing buyer and a willing seller in a normal arm's-length transaction wherein the parties had each acted knowledgeably and without compulsion.

It should be noted that the same assets could probably have different values in different markets. The valuation herein is based on domestic observable market conditions and market environment.

The value type we chose for this valuation is based on the factors including valuation purpose, market conditions, valuation assumption and valuation subjects.

The "assessed value" herein refers to the opinion which has been arrived at through procedures and approaches illustrated in the report within the engaged valuation scope and under the value types, assumptions and premises of the valuation engaged in the report, serving only for the purpose of engaged valuation in the herein.

VI. VALUATION DATE

1. The valuation date is set on 30 June 2013.

2. The valuation date is selected after negotiation with the Client having taken into account factors including the performance of the economic activity and accounting audit periods.

3. Effects of the determination of the valuation date on the valuation results is consistent with common practice with no specific factors involved. The pricing standards of this valuation are based on the effective prices as at the valuation date.

VII. BASIS OF VALUATION

I. Economic Activity

1. "The Reply agreeing to the asset valuation in respect of the transfer of the equity interests in Hua Ting Hotel by Shanghai Jin Jiang International Hotels (Group) Company Limited" of Jin Jiang International Holdings Company Limited;

2. Resolution of the Board of Directors of Shanghai Jin Jiang International Hotels (Group) Company Limited.

II. Applicable Laws

1. The Enterprise State-owned asset law of the PRC;

2. Administration of State-owned Asset Valuation Procedures (No. 91 issued by the State Council) and rules for implementation;

3. Order No. 12 of the State-owned Assets Supervision and Administration Commission of the State Council "the Interim Measures for the State-owned Assets Appraisal Management";

4. The State-owned assets evaluation management regulations (No. 14 issued by Ministry of Finance);

5. Notice of the relevant issues on strengthening the management of enterprises' state-owned assets evaluation (No. 274 issued by SASAC property in 2006);

6. Temporary regulations for State-owned assets' supervision and management (No. 378 issued by State Council in 2003);

7. Company Law of the PRC;

8. Law of the PRC on Administration of the Urban Real Estate;

9. Other laws and regulations.

III. Criteria and Conventions for Appraisal

1. Assets appraisal standard — Basic Standards;

2. Assets appraisal ethical principles — Basic Principles;

3. Assets appraisal standard — Enterprise Valuation Report;

4. Assets appraisal standard — Valuation Process;

5. Assets appraisal standard — Working Papers;

6. Assets appraisal standard — Engagement Letter;

7. Assets appraisal standard — Corporation Value;

8. Assets appraisal standard — Machinery and Equipment;

9. Assets appraisal standard — Real Estate;

10. Assets appraisal standard — Intangible Assets;

11. Guiding Opinion on Types of Value;

12. Guiding Opinion on CPV's Focus on Legal Ownership of Valuation Subject;

13. Guidelines for Appraisal Reports on State-owned Assets;

14. Conventions for Real Estate Appraisal (National Standards GB/T50291-1999);

15. Regulations for Valuation of Urban Land (National Standards GB/T18508-2001);

16. Accounting Standards for Business Enterprises (Order No. 33 of the Ministry of Finance);

17. Other relevant industry conventions.

IV. Calculation

1. Manual of Date and Parameters Frequently Used in Assets Valuation, Statistics Publishing House of China;

2. Price Guide of Machinery and Electronic Products, China Machine Press;

3. Information from www.chinacars.com (《中國汽車網》);

4. Regulations on Standards for Mandatory Vehicle Scrap (Order No. 12 of the Ministry of Commerce, National Development and Reform Commission, Ministry of Public Security and Ministry of Environmental Protection;

5. HC Business (《慧聰商情》) recent to the valuation date;

6. Expense Quota for Project Construction in Shanghai (2000);

7. Material price information issued by the General Office of the Market for Construction and Building Materials in Shanghai (上海市建築建材業市場管理總站);

8. Regulations in relation to the costs of construction projects in Shanghai;

9. Rating Standard for the Condition of Houses issued by the Ministry of Construction;

10. Information of recent land transactions issued on www.landchina.com (中國土地市場網);

11. Updated benchmark land premium for 2010;

12. Website of China Urban Land Price Dynamic Monitor;

13. Audit reports submitted by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership);

14. Certain contracts and agreements provided by Hua Ting Hotel;

15. Historical financial data and information on future income forecast provided by Hua Ting Hotel;

16. Analysis of statistical data for national macro-economy, industry, regional market and enterprise;

17. Rate of return on treasury bonds and loan interest rate recent to the valuation date;

18. Others.

V. Ownership

1. Investment contracts and agreements;

2. Property ownership certificate;

3. License of vehicles;

4. Other relevant evidence.

VI. Other Relevant Information

1. Financial statements as at the valuation date, books and vouchers furnished by the appraised entity;

2. Asset lists with book values provided by the valuation subject;

3. Technical statistics of Shanghai Orient Appraisal Co., Ltd.; and

4. Other relevant price information.

VII. Comparable Valuation by Other Firms

Nil.

VIII. METHODOLOGY OF VALUATION

I. General

There are three methods of asset valuation, namely, the cost approach, income approach and market comparable method.

1. The cost approach is also known as asset-based approach, under which the net asset value of the appraised enterprise is arrived at by the combination of valuation of each asset less the valuation of each liability on the basis of the balance sheet, whereby the asset costs are considered and the market value rather than historical cost of each asset and liability is adopted.

2. The income approach refers to the approach which capitalises or discounts the future expected income of the appraised enterprise at an appropriate discounting rate in order to determine the value of the valuation subject.

3. The market comparable method refers to the valuation method that determines the value of the valuation subject by comparing the valuation subject with comparable companies or companies with reported market transaction cases in terms of equity assets such as shareholders' equity and securities, with due adjustments and revisions.

II. Selection of Valuation Method, Rationale and Explanation

According to the Assets Appraisal Standard — Corporation Value, a certified asset appraiser, when carrying out valuation service for any enterprise, shall analyse the feasibility of the three basic assets valuation approaches including the income approach, market comparable approach and cost approach based on relevant conditions such as the valuation subject, value type and information collection to select one or more asset valuation approach (es) as appropriate.

Based on our analysis, the ownership of the assets of the appraised entity is unambiguous and its financial information is complete. Not only can the quantity of the subject assets can be ascertained through the financial information and the information on purchases and constructions, it can also be verified through on-site inspection. The value of the assets can be determined by considering the re-acquisition of similar assets. Therefore the asset-based approach is appropriate. However, it is also true that the appraised entity is an organic entity. Apart from the generation of value by each asset, intangible assets formed by integrated factors such as goodwill formed by the reasonable resource allocation, sound management, experience and operation are also an integral part of the value of the appraised entity that should not be overlooked. Therefore the income approach is also appropriate. The theoretical basis of the market comparable method is that the market values of enterprises that are engaged in the same type of business, with similar business scale and identical profitability should be the same (or similar). In the current PRC market, the aforesaid theoretical conditions and transaction data are not available. Therefore most cases adopting the market comparable method are based on comparisons of data of listed companies and valuations are arrived at after applying a discount for the lack of liquidity. At present, there is no strongly credible or generally accepted formula for the calculation of discount for lack of liquidity, and the subject is still under deliberation. Moreover, the major shortcoming of this method is that the benchmarks selected cannot entirely reflect the differences between the enterprises, therefore the level relevance and accuracy is lower compared to the other two methods. For this reason, if the enterprise to be appraised qualifies for the asset-based approach and the income approach, these approaches will be adopted to the exclusion of the market comparable method. In sum, the asset-based approach and the income approach have been adopted for this valuation.

III. Asset-based Approach

The asset-based approach, or the cost approach, in the appraisal of enterprise value is based on the premise of replacing each element in production under the market conditions on the valuation date. According to the specific condition of each segment asset, an appropriate method is selected to assess the value of each segment asset and arrive at the sum of these assets. The assessed value of related liabilities is then deducted to arrive at the assessed value of the total equity of shareholders.

Cash

Cash is valued at its verified carrying amount.

Account receivables

Amounts that are reasonably believed to be fully recoverable are assessed based on the verified carrying amount. The provision for bad debt originally made by the Company is assessed as zero.

Inventory

The assessed value of inventory is determined by multiplying the unit replacement cost, which is the current market price based on market price information enquiry, with the volume of inventory. If the current market price is not much different from the carrying amount, the carrying amount of inventory is regarded as the replacement cost.

Other current assets

The assessed value of other current assets is determined on the basis of their outstanding entitlement to benefits or recoverable asset value.

Fixed assets

1. The main building and ancillary buildings of Huating Hotel are assessed using the replacement cost method.

The replacement cost method seeks to estimate the value of an asset by identifying the cost of replacing in a brand new state the subject asset in its present conditions, less the physical depreciation, functional depreciation and economic depreciation of the asset.

The formula is as follows:

Assessed value of asset = full replacement cost – physical depreciation – functional depreciation – economic depreciation

Or:

Assessed value of asset = full replacement cost × newness rate

Full replacement cost = replacement price + preliminary cost + design fees + prospecting fees + management fees +capital cost

The replacement price for the main building of Huating Hotel is arrived at using the analogy method. The replacement price is determined by comparing the valuation subject against the pricing estimation benchmarks for 5-star hotels set out in Pricing Estimation Benchmarks for Construction Works and Analysis of Their Applications (《建設工程造價估算指標與應用分析》) published by Tongji University Publishers (同濟大學出版社) with adjustments. The pricing estimation benchmarks covers various ancillary facilities of the hotel, such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment.

The newness rate is determined as the weighted average value of the newness rate based on the straight-line method and that based on grading technological measurement. It is determined mainly through on-site inspection of the engineering quality of buildings and structures and maintenance of the main building, surrounding structures, water and electricity facilities and fittings with reference to stipulated life of buildings and structures with different structures and uses set out in the Standards for Assessment of Intactness/Deterioration of Buildings (房屋完損程度的評定標準) published by the Ministry of Construction and Jian Zong (1992) No. 349 Document (建綜(1992)349號) published by the Ministry of Construction and the Ministry of Finance.

2. The commercial property located in the metro train station shopping mall at 657 Shaanxibeilu and the residential property at No. 400 Hongqiao Road have been assessed using the market comparable method and the present-

value income method. As the rental segment and the sales segment of Shanghai's property market are not well-balanced, the price volatility factor can hardly be reflected in rental income in a timely manner. Therefore the valuation conclusion arrived at using the market comparable method has been adopted.

(1) Under the market comparable method, certain property transaction cases with similar conditions or identical value in use are selected under given market conditions and compared to the valuation subject in terms of transaction particulars, transaction dates, regional factors and individual factors and the valuation of the subject property is determined after applying an adjustment coefficient to the transaction case. The basic formula is as follows:

Price of the valuation subject = transacted price of the comparable case × adjustment coefficient for transaction particulars × adjustment coefficient for market conditions × adjustment coefficient for property conditions.

(2) Under the income approach, the forecast future normal income of the valuation subject is discounted to the point of time of the valuation by selecting an appropriate return rate or discounting rate and an income multiple. The discounted values are then accumulated.

Formula: $P = \sum_{i-1}^{n} \frac{Fi}{(1+r)^i}$

Where: P — assessed value (discounted value); r — selected discounting rate; n — income period; Fi — expected annual income for future income periods

3. The values of ancillary facilities such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment have been included in the valuation of the building and structures and have not been separately assessed; equipment such as other vehicles and office computer are assessed using the replacement cost method.

(1) Electronic and other equipment:

Full replacement cost comprises the prevailing market price as at the point of the time on the valuation date plus transportation and miscellaneous expenses, installation and testing expenses and other reasonable costs, being usually the updated replacement cost.

Full replacement cost for domestic-made equipment = current replacement cost + transportation and miscellaneous, installation and testing + other reasonable costs

For general equipment and electronic equipment with lower value, a newness rate is determined by directly applying the straight-line method. The formula is as follows:

Newness rate = remaining useful life ÷ (spent useful life + remaining useful life) × 100%

(2) transportation:

Full replacement cost for vehicles = prevailing price of vehicle + sales tax for vehicles + other costs

Consolidated newness rate for vehicles = straight-line newness rate x K1 x K2 x K3 x K4 x K5

Straight-line newness rate = $(1\text{-}d)^n \times 100\%$

Where K1 relates to the original manufacturing quality; K2 relates to vehicle maintenance; K3 relates to the status and operating conditions of the vehicle; K4 relates to the utilisation rate; K5 relates to the conditions of the vehicle parking area.

K4 = 1 – (actual mileage – rated mileage) ÷ economic mileage

Work in progress — land formation

Collection of relevant approval documents of the work projects, on-site inspection of prospecting work, understanding of payment progress and components of the carrying value. The carrying value mainly comprises work prepayments incurred. As the date of incurrence was close to the valuation date, expenses incurred were consistent with open market values, while the components of the expenses were also reasonable. Therefore the assessed value is determined as the carrying value.

Land use rights

Land use rights have been assessed using the market comparable method and coefficient adjustment of land datum value. As the market comparable method reflects the actual level of market acceptance of the site and therefore the results thus calculated can more accurately reflect the value of its land use rights, the valuation conclusion arrived at using the market comparable method has been adopted.

1. Under the market comparable method, certain land transaction cases with similar conditions or identical value in use are selected under given market conditions and compared to the subject land in terms of transaction particulars, transaction dates, regional factors and individual factors and the land price is determined by applying an adjustment coefficient to the transaction case.

2. Coefficient adjustment of land datum value is a method to determine the value of the subject land as at the valuation date by using valuation results such as land datum value of cities and towns with reference to adjusted coefficient of land datum value table to compare the regional and individual conditions of the subject land with the average conditions of the region where it is located in accordance with the substitution principle, and to adjust the land datum value by applying the corresponding correction coefficient selected from the adjusted coefficient table.

Other intangible assets

Other intangible assets comprise financial software, which has been assessed on the basis of market price. Where market prices are not available, the assessed value is determined by applying a depreciation rate to the original purchase cost. The assessed value = original purchase x (1 - depreciation rate).

Liabilities

The assessed value is determined as the verified carrying amount or based on actual liabilities incurred.

IV. Income Approach

The basic theory of the income approach is to determine the value of the valuation subject by estimating the future expected income of the asset and discounting it to a present value at an appropriate discounting rate. Namely, the total equity of shareholders is arrived at by discounting the free cash flow of the Company for a certain number of years in future at an appropriate discounting rate to arrive at the value of operating assets and then adding plus the excess assets and value of non-operating assets and deducting interest-bearing debts.

Valuation model and formula

Total equity of shareholders = enterprise value - interest-bearing debts

Enterprise value = operating assets value + excess and value of non-operating assets

Operating assets value = sum of present value of income of each period for the future income period (P), i.e.

$$p = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_n * (1+g)}{(r-g) * (1+r)^n}$$

Where:

r — discounting rate selected

g — annual growth rate of future income, which would be zero assuming Fi remains unchanged after n years

Fi — expected amount of income during ith income period in future

n — years of forecast period, usually 5 years

At present, the appraised entity is in stable operation. Moreover, the valuation is based on a going-concern assumption. Therefore an indefinite income period is adopted by for the valuation.

Income Forecast Method

1. Historical financial data such as income, costs and expenses of the Company shall be analysed and its non-operating net assets and excess assets shall be determined based on allocation and utilisation of resources of the Company.

2. The duration of income period for this valuation is unlimited according to the assumptions of this valuation. The future income can be divided into two periods: the forecast period and the permanent period. First of all, information on income for the forecast period of the coming 5 years provided by the Company is reviewed and analysed and adjusted as appropriate; next, analyses, judgments and estimations are made in respect of the income trends of the permanent period after 5 years. It is assumed that the income level after 5 years will develop steadily on the basis of the level recorded for the 5th year.

3. The forecast of income, cost and expenses is arrived at through a combination of the analysis of ratio changes and quantitative fixed analysis.

Selection of Discounting Rate

Discounting rate, which is also known as expected rate of return on investment, is a key parameter for determining the assessed value. The valuation has adopted the accumulative method, namely the discounting rate = risk-free return rate + risk return rate.

Excess and Non — operating Assets (Liabilities)

Excess assets refer to assets not directly relating to revenue of the Company and in excess of its operating needs, comprising mainly excess cash. Non-operating assets refer to assets not directly relating to operating revenue of the Company, comprising mainly entrusted loans and commercial and residential properties for which no rental income is forecast under the income method. Such assets are included after separate assessment.

IX. VALUATION PROCESS

According to the relevant state principles and regulations on asset valuation, we have performed the valuation and property right verification on the assets within the appraisal scope. The process is as follows:

1. Contacting the client; listening to the relevant staff of the Company introducing the Company as well as the history and current situation of the assets entrusted for valuation; having an understanding of the purpose, valuation subjects and scope of valuation; determining valuation date, signing the letter of engagement and drafting the valuation proposal;

2. Assisting the Company to fill in the asset valuation declaration forms;

3. Inquiring and classifying items listed on the asset valuation declaration forms of the Company and selecting valuation approaches; cross-checking the data with the relevant financial records of the Company; conducting site survey and verification, observing and recording the status of assets; looking up certificates of property right of assets as well as information such as the records for the operation, maintenance and incidents related to the machines and equipments; having conversation with officers in charge of the assets to understand the management and deployment of the assets; inception of market surveying and quotation inquiring as well as collecting market information;

4. Interviewing with the management and listening to the introduction of the operation, major products or services, cost and income status of the Company; understanding the accounting system and the management approach, core technologies, research and development ability and future development plans of the enterprise as well as the prospect in the industry; investigating the market demands, competition, advantages and disadvantages of the enterprise; analyzing the relevant global economic trend and factors related to the industry environment which would affect the operation of the Company;

5. Selecting a proper valuation approach, corresponding models or formulas based on the relevant conditions such as the valuation subjects, value types and status of information gathering for valuation; drawing the initial conclusions for the valuation after analysis, calculation and judgement; reaching the final conclusion for the valuation after analyzing the initial conclusions formed by various valuation approaches and on the basis of considering the rationality on different valuation approaches and the initial conclusions on the values as well as the quality and quantity of the data used;

6. Conducting analysis on the summary by each valuation staff to ensure there is no repetition or omission in the valuation, and making adjustment, modification and correction to the conclusion of asset valuation based on the summary analysis;

7. Drafting the report of asset valuation based on the appraisal work done, going through a three-tier vetting procedure and submitting the formal report for asset valuation to the client after exchanging views with them.

X. ASSUMPTIONS FOR VALUATION

(I) Basic assumptions:

1. Assumption of open market: Open market represents a competitive market with adequately developed and complete market conditions as well as a willing buyer and a willing seller each having, on an equal footing, the opportunities and time to gain sufficient market information, whereby the transaction is conducted on a willing, rational (rather than forced) or unrestricted basis on either part of the buyer and the seller.

2. Assumption of continuous utilisation: As the first step under the assumption, the target assets including assets being utilised and spare assets should be in use. Then such assets in use are supposed to be utilised continuously according to relevant data and information. In addition to defining the market conditions or environment for the target assets, the assumption of continuous utilisation places emphasis on the subsistence of assets.

3. Assumption of going concern: The appraised entity is assumed to legitimately continue as a going concern based on its existing assets and resource conditions in the foreseeable future, instead of suspension due to various reasons.

(II) General assumptions:

1. Unless specified otherwise, this report does not take into account the impact on the valuation conclusion from any abnormal factors including any existing or potential charge, guarantee or special transaction modes.

2. There is no material change in the relevant prevailing laws and policies, industry policies or macro-economic situation of the PRC or in the political, economic or social environment in the location where the appraised enterprise operates, and there is no materially adverse impact from other force majeure or unforeseeable factors.

3. There is no material change in taxation policies including tax bases and tax rates applicable to the appraised enterprise, and the credit policies, interest rates and exchange rates are basically stable.

4. According to the valuation purpose, the value type of the valuation conclusion is defined as market value. All pricing standards adopted in valuation are subject to price rates and value system effective as at the valuation date.

(III) Assumptions under the income approach:

1. All evidences provided by the appraised enterprise, including business contracts, corporate business license, articles of association, executed agreements, audit reports and financial information, are true and valid.

2. The existing and future management team of the appraised enterprise has exercised and will exercise due diligence, will not involve any material noncompliance that might impact the company's development and revenue generation, and will maintain the existing operation and management model to continue the business as a going concern.

3. The contracts executed by the appraised enterprise in previous years and the current year are valid and effective and can be fulfilled.

4. The future forecast in the valuation is a reasonable forward-looking projection based on the existing market conditions, taking no consideration of any material changes or fluctuations in future market such as political turmoil, economic crisis or malignant inflation that are foreseeable at present.

5. The principal business portfolio, income and cost structures, sales strategy of future business and cost control of the appraised enterprise in the future operating period will continue in the form of recent years without material changes, and may change according to the scale of its operation.

6. The future development plan and forecast operating data of the appraised enterprise can be realised in the future.

7. The revenues, relevant prices and costs as the basis of the valuation conclusion are of the professional judgments by the appraiser based on its due diligence investigation on the historical data provided by the appraised enterprise. As a result, the valuation conclusion is subject to the rationality of the appraiser's judgments.

The calculation of the valuation result in this report is conducted based on the conditions of the valuation subjects on the valuation date as well as the assumptions and limitations on the Company in the enterprise valuation report. According to the requirements of the asset appraisal, these assumptions are recognised to be the established ones on the valuation date. When the economic environment in the future undergoes any change which is relatively large, we do not bear the responsibility for a different appraisal conclusion resulted owing to the change of conditions of the assumptions.

XI. VALUATION CONCLUSION

I. General

Upon appraisal, the total equity interest of shareholders of the appraised entity is RMB2,002,894,752.13 (RENMINBI YUAN TWO-THOUSAND-AND-TWO MILLION EIGHT-HUNDRED-AND-NINETY-FOUR THOUSAND AND SEVEN HUNDRED AND FIFTY TWO AND CENTS THIRTEEN)

The 45% equity interest proposed to be transferred by the client is valued at RMB901,302,638.46.

Based on the asset-based approach, the total equity interest of shareholders of the appraised entity under market conditions prevailing on the valuation date is valued at RMB2,002,894,752.13; representing total assets with a book value of RMB371,237,566.58 and an assessed value of RMB2,043,569,554.29, representing an appreciation amount of RMB1,672,331,987.71 and an appreciation rate of 450.47%; total liabilities with a book value of RMB40,666,546.91 and an assessed value of RMB40,674,802.16, representing an appreciation amount of RMB8,255.25 and an appreciation rate of 0.02%; net assets with a with a book value of RMB330,571,019.67 and an assessed value of RMB2,002,894,752.13, representing an appreciation amount of RMB1,672,323,732.46 and an appreciation rate of 505.89%.

Based on the income approach, the total equity interest of shareholders of the appraised entity under the aforesaid assumptions is valued at RMB10,099,40,000, representing an appreciation of RMB679,369,000 and an appreciation rate of 205.51%.

II. Conclusion and Analysis

The conclusion based on the asset-based approach has been adopted for the appraisal principally for the following reason; occupancy rate was currently high in a lacklustre hotel industry, given intense competition in the industry fueled by aggressive moves of foreign-owned high-end hotels to enter the market and the rapid expansion of economy chain hotels and also owing to the fact that the hotel industry was under the material impact of the low season for tourism; moreover, its prime assets comprised real estate properties, the true value of which could not be accurately reflected through the income approach. Therefore the appraisers have adopted the value determined under the asset-based approach.

The appreciation recorded in the valuation conclusion under the asset-based approach has mainly been derived from the following:

1. *Current assets*

The book value of current assets was RMB196,160,500 whereas the assessed value was RMB196,193,500, representing an appreciation of RMB33,000. The main reasons are as follows:

(1) Other receivables: An appreciation upon valuation of RMB18,000 in other receivables was recorded as the appraised amount was slightly lower than the audited amount for bad debt losses.

(2) Inventory: Impairment provision made in the previous year for which no corresponding book amount had been carried was appraised at zero, giving rise to an appreciation in inventory of RMB15,000.

2. *Fixed assets — equipment*

The net book value of fixed assets — equipment is RMB41,422,600 and the assessed value is RMB2,685,600, representing depreciation of RMB38,737,000 and a depreciation rate of 93.52%. Depreciation was recorded upon appraisal for the following reasons:

(1) Machinery equipment and electronic equipment: The values of ancillary facilities such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment have been included in the pricing indicator of the main building of Huating Hotel. Such indicator covers ancillary facilities such as interior and exterior decorations, guest-room furniture, water supply and discharge, fire prevention works, security and protection system, power transmission and distribution, boiler, escalator and kitchen equipment. Therefore these facilities have not been separately assessed, resulting in depreciation in the original and net assessed value.

(2) Transportation equipment: depreciation in the original assessed value is caused by the decline in vehicle prices in recent years; however, since the period of depreciation for transportation equipment set by the Company is shorter than their life of economic use, while the appraisal has been based on a newness rate determined by the economic life of the

equipment and the actual conditions. Therefore there are differences between the two; moreover, the appraisal has also taken into account the market price for a license for mini passenger vans. The said factors have resulted in an appreciation in the assessed net value of transportation equipment.

Taking into consideration the above factors, the value of fixed assets – equipment has been reduced by RMB38,737,000, representing a depreciation rate of 93.52%.

3. *Fixed assets — buildings and structures*

The net book value of fixed assets is RMB105,322,700 and the assessed value is RMB585,941,600, representing appreciation by RMB480,618,900, which is mainly attributable to the substantial agedness of the buildings and structures of the Company. Although such buildings and structures have undergone several renovation programmes, their carrying cost has been subject to depreciation charges for several years and the amount of the outstanding balance is relatively small. The buildings and structures have been appraised on the basis of replacement cost and, owing to the annual increment in the costs of major raw materials and labour, the unit replacement cost for the pricing of star-rated hotels on the valuation date was substantially higher than the historical carrying unit cost of the Company, resulting in substantial appreciation.

4. *Intangible assets — land use rights*

The net book value of intangible assets is RMB28,312,500 and the assessed value is RMB1,258,729,500, representing appreciation of RMB1,230,417,000, which is attributable mainly to the fact land prices have risen while the book value represents only the amortised balance of the land premium originally paid. Hence the substantial appreciation.

5. *Liabilities*

The net book value of liabilities is RMB40,666,600 and the assessed value is RMB40,674,800, representing appreciation of RMB8,200. Appreciation in the amount of liabilities is mainly attributable to the fact that, under deferred income tax, the income tax difference originally arising from bad debt provision and inventory impairment provision has been assessed at zero.

III. Others

In view of the limitation on the market information and given that premium or discount is generally not considered in most domestic cases of equity transactions of enterprises, liquidity and premium or discount arising from factors such as controlling and minority equity has not been considered in this valuation.

Details of the valuation conclusion are shown in the breakdown of valuation. The summary of valuation results is set out in the following table.

Summary of valuation results
(Unit: RMB ten thousand)
Valuation dated: 30 June 2013

Item	Book value	Assessed value	Appreciation	Appreciation rate %
Current assets	19,616.05	19,619.35	3.30	0.02
Non-current assets	17,507.70	184,737.60	167,229.90	955.18
Financial assets available for sale, net				
Investment held to maturity, net				
Long-term receivable, net				
Long-term equity investment, net				
Investment properties, net				
Fixed assets, net	14,674.52	58,862.72	44,188.20	301.12
Construction in progress, net	1.00	1.00		
Construction materials, net				
Disposal of fixed assets				
Productive biological assets, net				
Hydrocarbon assets, net				
Intangible assets, net	2,832.18	125,873.88	123,041.70	4,344.42
Development expenditure				
Goodwill, net				
Expenses for long-term amortisation				
Deferred income tax assets				
Other non-current assets				
Total assets	**37,123.75**	**204,356.95**	**167,233.20**	**450.47**
Current liabilities	3,241.35	3,241.35		
Non-current liabilities	825.31	826.13	0.82	0.10
Total liabilities	**4,066.66**	**4,067.48**	**0.82**	**0.02**
Net assets (owner's equity)	**33,057.10**	**200,289.48**	**167,232.38**	**505.89**

XII. ADDITIONAL INFORMATION

1. The attention of report users is drawn to the additional information that might affect the valuation conclusion.

2. The report in general has not taken into consideration taxation issues arising from appreciation or depreciation upon valuation. The client is advised to consider taxation issues carefully and deal with them accordingly in compliance with pertinent regulations of the State when using the report.

3. This report is not responsible for the validity, completeness and authenticity of such evidence and materials as the resolutions of the management, business licenses, property right certificates, vouchers and documents furnished by other intermediaries.

4. This enterprise valuation report cannot be used as the basis of accounting treatment for unsettled assets, which should be dealt with in accordance procedures stipulated by the financial regulations.

5. Huating Hotel is in possession of a vehicle Hu A02647 Nissan CDUY31, the registered owner of which is Luo Jingli (羅景麗), as stated on the vehicle travel licence. According to description of the Company's particulars, the actual owner is Shanghai Hua Ting Hotel and Towers Company Limited, but formalities for the transfer of ownership has not been completed. The vehicle has been included in the appraisal and assessed as an asset under normal use.

6. Out of the total gross area of 91,707.46 square metres stated in the breakdown table for buildings and structures, 1,530.00 square metres are not accounted for in building certificates. The unaccounted for structures comprise the logistics room and supplies storage of Huating Hotel. The gross area figures have been provided by the Company and verified and confirmed by the appraisers after on-site inspection. In the event that the actual area differs from the above when the Company apply for the relevant building certificates in future, the result of the actual survey carried out by the real estate administration authorities shall be adopted. The appraisal has not taken into consideration the effect of such difference on the assessed value.

7. Huating Hotel owns a 200-square metre shop located at No. 1200 Caoxibeilu, Xuhui District, Shanghai (Metro Rail Station Exit No. 7). No property ownership certificate has been issued in respect of the shop. According to an agreement signed between Huating Hotel and Shanghai Metro and a certificate issued by 上海市地鐵總公司 (now reorganised as 上海地鐵運營有限公司), the rights of use and ownership of the commercial space belong to Huating Hotel. The shop has been included in the appraisal.

8. Users of the report should note that the shop of Huating Hotel located at the base level of No. 657 Shaanxibeilu is situated on an allocated land site and the land premium payable to the State has been deducted from the assessed value.

9. According to the explanation of the client and the related parties, no other material matters was identified in the appraised entity as at the date of the release of the enterprise valuation report.

10. We have not identified any other material and exceptional matters that might affect the valuation conclusion and the appraisal and estimation of which is beyond our professional level and competence. However, users of the report should rely on the report entirely, but should make independent judgments on

factors affecting the ownership status and value of the assets and other related aspects and give due consideration to these matters when conducting an economic activity.

11. The appraisal firm and appraisers do not assume any responsibility for exceptional matters existing in the entity that would have affected the assessed value of the asset but that have not been specifically indicated at the time of engagement and on-site appraisal, being matters that the appraisers would not usually have any knowledge of based on their professional experience and for which no information can be collected.

12. The enterprise valuation report shall be invalid and the valuation conclusion shall be untenable and shall not be directly adopted if the above-mentioned exceptional matter proves to have affected the valuation result and the enterprise valuation report remains unadjusted.

XIII. LIMITATIONS ON THE USE OF THIS ENTERPRISE VALUATION REPORT

I. Scope of Use of this Enterprise Valuation Report

1. This report is prepared solely for use by the users and for the intent and purpose stated herein, and for examination by relevant government authorities in accordance with regulations.

2. Unless expressly approved in writing by the appraisal firm in advance, the appraisal firm shall not acknowledge or assume any responsibility for any other use of this report or towards any other persons who have been shown or provided access to this report.

3. The contents of the enterprise valuation report shall not be extracted, cited or disclosed in public media, without approval in writing by the appraisal firm who issues the report, save as required by laws and regulations or otherwise agreed by related parties.

4. The appendices and valuation breakdown tables contained in this report and other official materials furnished by the appraisal firm specifically for examination by government or industry authorities shall have the same legal effect and equally binding as this report.

II. Validity

The valuation conclusion shall be valid for one year in accordance with prevailing regulations, namely it shall be valid from 30 June 2013 (the valuation date) to 29 June 2014.

This enterprise valuation report shall not be used after the period of validity has expired.

III. Special Terms Applicable to State-owned Assets

If State-owned assets have been assessed in the appraisal, this report shall not form the basis of any economic activity unless it has been filed with, approved or endorsed by the authorities for the administration of State-owned assets with the issuance of relevant approval documents.

IV. Interpretation

The right of interpretation of meanings expressed in this enterprise valuation report shall rest with the appraisal firm issuing the report. Unless specifically provided for under national laws and regulations, no other entities and authorities shall have such right of interpretation.

XIV. DATE OF THIS ENTERPRISE VALUATION REPORT

This Enterprise Valuation Report is dated 22 September 2013.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange in accordance with Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions they have or deemed to have pursuant to the relevant provisions of the SFO), or required to be kept in the register under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code, were as follows:

Interests in the shares in Jin Jiang Hotels Development, an associated corporation of the Company

Name	Equity interest in Jin Jiang Hotels Development	Nature of interests	Capacity	Approximate percentage in total share capital of Jin Jiang Hotels Development
Mr. Yu Minliang	14,305	Long position	Beneficial owner	0.0024%
Mr. Yang Weimin	497,339	Long position	Beneficial owner	0.0824%

As at the Latest Practicable Date, Mr. Yu Minliang (executive Director) is the chairman of Jin Jiang International and Ms. Chen Wenjun (executive Director) is a senior vice president of Jin Jiang International. Jin Jiang International was a company having, as at the Latest Practicable Date, an interest or short position in the Company's shares and underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, to the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors, Supervisors and the chief executive of the Company and their respective associates have interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the

Company and the Stock Exchange in accordance with Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions they have or deemed to have pursuant to the relevant provisions of the SFO), or required to be kept in the register under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the requirements of the Model Code.

3. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

None of the Directors or Supervisors has entered into any service contract with any member of the Group which is not expiring or determinable by such member of the Group within one year without any payment of compensation, other than statutory compensation.

4. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interests in a business, which competes or may compete with the business of the Group.

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors, Supervisors, proposed Directors or proposed Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2012 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. LITIGATION

As at the Latest Practicable Date, no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

7. MISCELLANEOUS

(a) One of the joint company secretaries of the Company is Mr. Kang Ming. Mr. Kang is a senior accountant. He graduated from the Shanghai University of Finance and Economic with a master's degree in Economics. He was previously the board secretary of Jin Jiang Hotels Development. According to a confirmation letter received from the Stock Exchange on 14 December 2009, Mr. Kang had complied with the requirements for company secretaries set out in Rule 8.17(3) of the Listing Rules. The other joint company secretary of the Company is Ms. Ma Sau Kuen Gloria. She joined the Company in February 2011. Ms. Ma has over 30 years of working experience in corporate secretarial work that includes acting as company secretary for companies listed on the Stock Exchange, and setting up companies in different jurisdictions such as Hong Kong, Cayman Islands and British Virgin Islands for customers. She also has extensive knowledge and experience in corporate restructuring projects and legal compliance services. Ms. Ma is currently a director and the head of registration and compliance services of KCS Hong Kong Limited, a corporate secretarial and accounting services provider in Hong Kong. Ms. Ma holds a master's degree in business administration from the University of Strathclyde, Scotland, and is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(b) The legal address of the Company in the PRC is Room 316–318, No. 24 Yang Xin Dong Road, Shanghai, the PRC and the principal places of business of the Company in the PRC is 26/F., Union Building, No. 100 Yan'an East Road, Shanghai, the PRC. The Hong Kong H Share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

8. QUALIFICATIONS OF EXPERTS AND CONSENTS

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	**Qualifications**
Asian Capital (Corporate Finance) Limited	Licensed corporation to conduct type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
Shanghai Orient Asset Appraisal Co., Ltd.	Qualified PRC Appraiser

Asian Capital (Corporate Finance) Limited and Shanghai Orient Asset Appraisal Co., Ltd. have given and have not withdrawn their respective written consent to the issue of this circular with the inclusion of their respective letter and reference to their respective name in the form and context in which they respectively appear.

9. INTERESTS OF EXPERTS

As at the Latest Practicable Date, each of Asian Capital (Corporate Finance) Limited and Shanghai Orient Asset Appraisal Co., Ltd.:

(a) was not interested in any shareholding in any member of the Group nor did they have any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any shareholding in any member of the Group.

(b) did not have any direct or indirect interest in any assets which have been, since 31 December 2012 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Group were made up.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong for a period of 14 days (excluding Saturdays) from the date of this circular:

(i) the Equity Transfer Agreement;

(ii) the guarantee agreement entered into between the Company, Jin Jiang Investment and Jin Jiang International on 1 November 2013;

(iii) the letter dated 22 November 2013 from the Independent Board Committee to the Independent Shareholders, the text of which is set out on pages 14 to 15 of this circular;

(vi) the opinion letter dated 22 November 2013 from the Independent Financial Adviser, the text of which is set out on pages 16 to 30 of this circular;

(v) the written consents as referred to in the paragraph headed "Qualifications of Experts and Consents" in this Appendix; and

(vi) this circular.