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Shanghai Jin Jiang International Hotels (Group) Company Limited*
上海錦江國際酒店(集團)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

DISCLOSEABLE TRANSACTION
EQUITY TRANSFER AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2013 in relation to the transfer of the 100% equity interest in Jin Yun Company by Galaxy Hotel and Jin Jiang Hotel, subsidiaries of the Company, through an open listing process at SHUAEE. As at the close of the publication period for listing, one potential transferee, Shanghai Sheng Yu Assets Management Co., Ltd. ("Sheng Yu Company"), had been solicited.

The Board is pleased to announce that, on 28 January 2014, the Equity Transfer Agreement was entered into between the Transferors and Sheng Yu Company, pursuant to which the Transferors agreed to transfer the 100% equity interest in Jin Yun Company held by them to Sheng Yu Company for a cash consideration of RMB1,262,467,806.00 (equivalent to approximately HK\$1,618,548,469.23). In addition, on 28 January 2014, the Transferors, Sheng Yu Company and Yang Guang Company entered into the Guarantee, pursuant to which Yang Guang Company agreed to provide a guarantee in respect of the payment obligation of Sheng Yu Company under the Equity Transfer Agreement. Upon completion of the Equity Transfer Agreement, the Transferors will no longer hold any equity interest in Jin Yun Company. As such, Jin Yun Company will cease to be a subsidiary of the Company.

As the relevant percentage ratios for the transaction under the Equity Transfer Agreement exceed 5% but are 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 the reporting and announcement requirements under the Listing Rules.

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THE EQUITY TRANSFER AGREEMENT AND THE GUARANTEE

The Board is pleased to announce that, on 28 January 2014, the Equity Transfer Agreement was entered into between the Transferors and Sheng Yu Company, pursuant to which the Transferors agreed to transfer the 100% equity interest in Jin Yun Company held by them to Sheng Yu Company for a cash consideration of RMB1,262,467,806.00 (equivalent to approximately HK\$1,618,548,469.23).

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

- (a) Date: 28 January 2014
- (b) Parties:
 - (1) Vendor: Galaxy Hotel and Jin Jiang Hotel
 - (2) Purchaser: Sheng Yu Company

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

- (c) Subject matter: The Transferors shall transfer the 100% equity interest in Jin Yun Company held by them to Sheng Yu Company. Upon completion of the Equity Transfer Agreement, the Transferors will no longer hold any equity interest in Jin Yun Company. As such, Jin Yun Company will cease to be a subsidiary of the Company.
- (d) Consideration: The equity interests in Jin Yun Company were transferred by the Transferors through an open listing process and a subsequent commercial negotiation conducted through the SHUAEE. The Equity Transfer Agreement has been negotiated and entered into based on arm's length negotiations and on normal commercial terms. Pursuant to the Equity Transfer Agreement, the consideration is RMB1,262,467,806.00 (equivalent to approximately HK\$1,618,548,469.23), being the listing price, which was determined based on the entire equity value of Jin Yun Company as at 31 October 2013 valued at RMB1,262,467,806.00 (equivalent to approximately HK\$1,618,548,469.23) as shown in the asset valuation report dated 21 November 2013 on Jin Yun Company prepared by an independent and qualified PRC appraiser, using the asset-based method.

The consideration shall be paid by Sheng Yu Company in two instalments. The first instalment in the amount of RMB643,858,581.06 (equivalent to approximately HK\$825,459,719.31), being 51% of the consideration, shall be paid to the bank account designated by SHUAEE within three (3) working days after the effective date of the Equity Transfer Agreement. The balance of the consideration in the amount of RMB618,609,224.94 (equivalent to approximately HK\$793,088,749.92), being 49% of the consideration, shall be settled within six (6) months after the effective date of the Equity Transfer Agreement. Interest shall be payable to the Transferors in respect of the extended payment period at the loan interest rate quoted by banks for such period, accruable from the date of payment of the first instalment to the date on which the balance is settled. The total amount of interest payable is expected not to exceed RMB17,300,000.00 (equivalent to approximately HK\$22,179,487.18).

- (e) Other responsibilities arising from default
- If the internal authorities of Sheng Yu Company do not grant approval to the transfer of the 100% equity interest in Jin Yun Company to Sheng Yu Company within 30 days after the date of the Equity Transfer Agreement, the Transferors shall have the right to revoke the Equity Transfer Agreement, and a default penalty payment equivalent to 30% of the consideration shall be payable by Sheng Yu Company to the Transferors.
- (f) Effectiveness of the Equity Transfer Agreement:
- Save as required by the laws and administrative regulations to come into effect only after submission to and approval by the competent authorities, the terms of the Equity Transfer Agreement in relation to the liabilities for breach of the agreement shall become effective on the date which the Equity Transfer Agreement is signed or sealed by the Transferors and Sheng Yu Company, while the remaining terms of the Equity Transfer Agreement shall become effective on the date which the Equity Transfer Agreement is signed or sealed by Transferors and Sheng Yu Company and approved by their respective internal authorities.
- (g) Completion:
- The Equity Transfer Agreement shall be completed upon the (i) the registration of the change in equity interest with the industry and commerce administration authority having been completed; and (ii) the remaining balance of the consideration having been paid.

In addition, on 28 January 2014, the Transferors, Sheng Yu Company and Yang Guang Company entered into the Guarantee, pursuant to which Yang Guang Company agreed to provide a guarantee in respect of the payment obligation of Sheng Yu Company under the Equity Transfer Agreement. In the event that Sheng Yu Company fails to pay the remaining balance of the consideration in accordance with the Equity Transfer Agreement, the

Transferors shall be entitled to request Yang Guang Company to undertake its joint liability under the Guarantee whereby Yang Guang Company shall undertake the relevant payment obligation of Sheng Yu Company 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 in the interest of the Company's shareholders as a whole, and will improve the Group's assets liquidity and financial position and optimise 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) 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 consideration for transfer of the entire equity interest in Jin Yun Company, after deducting the carrying amount of consolidated investment cost of the Group, the relevant taxes and dues as well as the employees related and other expenses which are subject to the assessment to be performed by an independent third party engaged by the Company is expected to be a gain of the Group from the transaction. The Company would like to draw the investors' attention that because of the historical reasons, the employees related and other expenses probably reduce a notable portion of the expected gain of the Group.

GENERAL INFORMATION

(a) Principal Business Activities

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

Galaxy Hotel is principally engaged in hotel operations and other hotel-related services.

Jin Jiang Hotel is principally engaged in hotel operations and other hotel-related services.

Yang Guang Company is principally engaged in the holding, development, leasing and operation of commercial property projects. It is also involved in the development and operation high-end residential property, hotels, offices and integrated urban complex.

Sheng Yu Company is principally engaged in asset management, investment management, investment consultancy, corporate management consultancy and marketing planning. It is a wholly-owned subsidiary of Yang Guang Company.

Jin Yun Company is principally engaged in asset management, investment management, hotel management and property management. Its major asset is the main building of Galaxy Hotel located at No. 888 Zhongshan West Road, Shanghai together with its land use right.

(b) Financial Information

As Jin Yun Company was incorporated on 23 October 2013, its audited loss before taxation and audited net loss after taxation for the period ended 31 October 2013 were RMB660,194.00 (equivalent to approximately HK\$846,402.56) and RMB660,194.00 (equivalent to approximately HK\$846,402.56), respectively. The audited net asset value of Jin Yun Company as at 31 October 2013 was RMB1,262,467,806.00 (equivalent to approximately HK\$1,618,548,469.23).

All audited financial information of Jin Yun Company disclosed in this announcement have been prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.

(c) Implications under the Listing Rules

To the best of knowledge, information and belief of the Directors after having made all reasonable enquiries, the purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

As the relevant percentage ratios for the transaction under the Equity Transfer Agreement exceed 5% but are 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 the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	上海錦江國際酒店(集團)股份有限公司 (Shanghai Jin Jiang International Hotels (Group) Company Limited), a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Transferors and Sheng Yu Company on 28 January 2014
“Galaxy Hotel”	上海銀河賓館有限公司 (Shanghai Galaxy Hotel Co., Ltd.), a limited liability company incorporated in the PRC
“Group”	the Company and its subsidiaries
“Guarantee”	the guarantee agreement entered into between the Transferors, Sheng Yu Company and Yang Guang Company on 28 January 2014
“HK\$”	The lawful currency of the Hong Kong Special Administrative Region of the PRC
“Jin Jiang Hotel”	上海錦江飯店有限公司 (Shanghai Jin Jiang Hotel Co., Ltd.), a limited liability company incorporated in the PRC

“Jin Yun Company”	上海錦贇資產管理有限公司 (Shanghai Jin Yun Assets Management Co., Ltd.), a limited liability company incorporated in the PRC
“Listing Rules”	The Rules Governing the Listing Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed to such terms under the Listing Rules
“PRC” or “China”	the People’s Republic of China
“RMB”	the lawful currency of China
“Sheng Yu Company”	上海晟域資產管理有限公司 (Shanghai Sheng Yu Assets Management Co., Ltd.), a limited liability company incorporated in the PRC
“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
“Transferors”	Galaxy Hotel and Jin Jiang Hotel
“Yang Guang Company”	陽光新業地產股份有限公司 (Yang Guang Co., Ltd.) , a joint stock limited company incorporated in the PRC, the A shares of which are listed on the Shenzhen Stock Exchange

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

Shanghai, China, 28 January 2014

For illustration purposes only, the exchange rate adopted in the announcement was RMB0.78 to HK\$1.

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

* *The Company is registered as a non-Hong Kong company under Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name “Shanghai Jin Jiang International Hotels (Group) Company Limited”.*