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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 8 April 2014 in relation to the transfer of 90% equity interest in Galaxy Hotel through an open listing process at SHUAEE. One potential transferee was solicited as at the close of the publication period of listing, namely Shanghai Sheng Pu Investment Management Co., Ltd. ("Sheng Pu Investment").

The Board is pleased to announce that the Equity Transfer Agreement was entered into between the Company and Sheng Pu Investment on 9 May 2014, pursuant to which the Company agreed to transfer its 90% equity interest in Galaxy Hotel to Sheng Pu Investment at a cash consideration of RMB759,020,404.34 (equivalent to approximately HK\$944,172,663.69). In addition, on 9 May 2014, the Company, Sheng Pu Investment and Yang Guang Company entered into the Guarantee, pursuant to which Yang Guang Company agreed to provide a guarantee in respect of the payment obligations of Sheng Pu Investment under the Equity Transfer Agreement. Upon completion of the Equity Transfer Agreement, the shareholding percentage of the Company and its subsidiaries in Galaxy Hotel shall decrease from 100% to 10%. As such, Galaxy Hotel shall cease to be a subsidiary of the Company.

The transaction contemplated under the Equity Transfer Agreement are aggregated with the transaction in respect of the transfer of 100% equity interest in Jin Yun Company entered into between Galaxy Hotel and Jin Jiang Hotel, subsidiaries of the Company, as transferors and Sheng Yu Company on 28 January 2014 (as disclosed in the announcement of the Company dated 28 January 2014) pursuant to Rule 14.23 of the Listing Rules on the basis that: (1) Sheng Pu Investment is also a wholly-owned subsidiary of Yang Guang Company and is therefore connected with the party to the transfer of 100% equity interest in Jin Yun Company; and (2) Galaxy Hotel is the owner of the podium complex of Galaxy Hotel and its related land use rights, while Jin Yun Company is the owner of the main building of Galaxy Hotel and its land use rights, therefore this transaction and the transfer of 100% equity interest in Jin Yun Company involve the disposal of parts of the same asset. As the applicable Percentage Ratios (after the aggregation) for the transaction under the Equity Transfer Agreement exceed 5% but are less than 25%, the transaction under the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

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EQUITY TRANSFER AGREEMENT AND GUARANTEE

The Board is pleased to announce that the Equity Transfer Agreement was entered into between the Company and Sheng Pu Investment on 9 May 2014, pursuant to which the Company agreed to transfer its 90% equity interest in Galaxy Hotel to Sheng Pu Investment at a cash consideration of RMB759,020,404.34 (equivalent to approximately HK\$944,172,663.69).

Major terms of the Equity Transfer Agreement are as follows:

- (a) Date: 9 May 2014
- (b) Parties:
 - (1) the Company, as vendor
 - (2) Sheng Pu Investment, as purchaser

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the purchaser and its ultimate beneficial owner is independent third parties not related to the Company and its connected persons.

- (c) Subject matter: The Company shall transfer 90% equity interest in Galaxy Hotel to Sheng Pu Investment. Upon completion of the Equity Transfer Agreement, the shareholding percentage of the Company and its subsidiaries in Galaxy Hotel shall decrease from 100% to 10%. As such, Galaxy Hotel shall cease to be a subsidiary of the Company.

(d) Consideration: The equity interests in Galaxy Hotel were transferred by the Company through an open listing process and subsequent commercial negotiations 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 RMB759,020,404.34 (equivalent to approximately HK\$944,172,663.69), being the listing price, which was determined based on the entire equity value of Galaxy Hotel as at 28 February 2014 valued at RMB843,356,004.82 (equivalent to approximately HK\$1,049,080,737.43) as shown in the asset valuation report dated 28 February 2014 on Galaxy Hotel prepared by an independent and qualified PRC appraiser using the asset-based method.

The consideration shall be paid by Sheng Pu Investment in three instalments. The first instalment in the amount of RMB227,706,121.30 (equivalent to approximately HK\$283,251,799.10), being 30% 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 second instalment of the consideration in the amount of RMB159,394,284.91 (equivalent to approximately HK\$198,276,259.37), being 21% of the consideration, shall be paid to the bank account designated by the Company before 15 December 2014. The remaining balance of the consideration of RMB371,919,998.13 (equivalent to approximately HK\$462,644,605.21), being 49% of the consideration, shall be paid to the bank account designated by the Company within one (1) year after the date on which payment of the first instalment is made. Interest shall be payable to the Company by Sheng Pu Investment in respect of the second instalment and the remaining balance of the consideration at the loan interest rate quoted by banks for such period, accruable from the date of payment of the first instalment to the respective dates on which payments of the second instalment and the remaining balance of the consideration are made. The total amount of interest payable is expected not to exceed RMB26,778,240.00 (equivalent to approximately HK\$33,310,411.74).

(e) Other responsibilities arising from default: If the internal authorities of Sheng Pu Investment do not grant approval to the transfer of the 90% equity interest in Galaxy Hotel to Sheng Pu Investment within 30 days after the date of the Equity Transfer Agreement, the Company 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 Pu Investment to the Company.

- (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 Company and Sheng Pu Investment, 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 Company and Sheng Pu Investment and approved by their respective internal authorities.
- (g) Completion: The Equity Transfer Agreement shall be completed upon (i) completion of the registration of the change in equity interest with the industry and commerce administration authority; and (ii) payment of the consideration in full.

In addition, on 9 May 2014, the Company, Sheng Pu Investment and Yang Guang Company entered into the Guarantee, pursuant to which Yang Guang Company agreed to provide a guarantee in respect of the payment obligations of Sheng Pu Investment under the Equity Transfer Agreement. In the event that Sheng Pu 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 demand Yang Guang Company to undertake its joint liability under the Guarantee whereby Yang Guang Company shall assume the relevant payment obligations of Sheng Pu Investment under the Equity Transfer Agreement.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The equity transfer is in line with the strategic planning of the Group and the interests of the Company's shareholders as a whole, and will improve the Group's assets liquidity and financial positions and optimize the Group's assets allocation. The Company intends to utilise net proceeds received from the equity transfer as the Group's general working capital.

The Board (including the independent non-executive Directors) believes that the terms of the Equity Transfer Agreement (including the consideration) are fair and reasonable, in normal commercial terms and in the interests of the Company and its shareholders as a whole.

The consideration for the disposal of 90% equity interest in Galaxy Hotel by the Group, after deducting the carrying amount of consolidated investment cost of the Group, the relevant taxes and dues as well as employees-related and other expenses (subject to the assessment to be performed by an independent third party engaged by the Company), represented the expected gain from the transaction. The Company would like to draw the investors' attention to the fact that, because of historical reasons, the deduction of employees-related and other expenses would probably reduce a notable portion of the expected gain.

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.

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

Galaxy Hotel is principally engaged in hotel operations and other hotel-related services. Galaxy Hotel currently owns Houses No. 2–9 located at No. 888 Zhongshan West Road, Shanghai (the Galaxy Hotel podium complex) and their land use rights. The gross floor area of Houses No. 2–9 is 31,806.39 square metres in aggregate.

(b) Financial Information

For the financial years ended 31 December 2012 and 2013, the audited net loss before taxation of Galaxy Hotel was RMB2,578,987.38 (equivalent to approximately HK\$3,208,094.76) and RMB4,567,697.92 (equivalent to approximately HK\$5,681,923.03), respectively, and the audited net loss after taxation was RMB6,205,519.03 (equivalent to approximately HK\$7,719,267.36) and RMB12,716,501.17 (equivalent to approximately HK\$15,818,511.22), respectively.

According to the audit report of Galaxy Hotel issued by BDO China Shu Lun Pan Certified Public Accountants LLP (立信會計師事務所(特殊普通合夥)), as at 28 February 2014, total assets of Galaxy Hotel was RMB1,054,398,279.33 (equivalent to approximately HK\$1,311,603,780.73), total liabilities was RMB1,002,642,846.75 (equivalent to approximately HK\$1,247,223,344.63), and its owners' equity was RMB51,755,432.58 (equivalent to approximately HK\$64,380,436.10).

All audited and unaudited financial information in connection with Galaxy Hotel disclosed in the announcement was prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.

(c) Implications under the Listing Rules

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, each of the purchaser and its ultimate beneficial owner is all independent third parties not related to the Company and its connected persons.

The transaction contemplated under the Equity Transfer Agreement are aggregated with the transaction in respect of the transfer of 100% equity interest in Jin Yun Company entered into between Galaxy Hotel and Jin Jiang Hotel, subsidiaries of the Company, as transferors and Sheng Yu Company on 28 January 2014 (as disclosed in the announcement of the Company dated 28 January 2014) pursuant to Rule 14.23 of the Listing Rules on the basis that: (1) Sheng Pu Investment is also a wholly-owned subsidiary

of Yang Guang Company and is therefore connected with the party to the transfer of 100% equity interest in Jin Yun Company; and (2) Galaxy Hotel is the owner of the podium complex of Galaxy Hotel and its related land use rights, while Jin Yun Company is the owner of the main building of Galaxy Hotel and its land use rights, therefore this transaction and the transfer of 100% equity interest in Jin Yun Company involve the disposal of parts of the same asset. As the applicable Percentage Ratios (after the aggregation) for the transaction under the Equity Transfer Agreement exceed 5% but are less than 25%, the transaction under the Equity Transfer Agreement constitutes a discloseable transaction of the Company under Chapter 14 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 of the Company
“Company”	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 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 by the Company and Sheng Pu Investment dated 9 May 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 letter of guarantee entered into by the Company, Sheng Pu Investment and Yang Guang Company dated 9 May 2014
“HK\$”	Hong Kong dollar, the lawful currency of the Special Administrative Region of Hong Kong 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 of Securities on the Stock Exchange
“Percentage Ratios”	has the meaning ascribed to such terms under the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Sheng Pu Investment”	上海晟璞投資管理有限公司 (Shanghai Sheng Pu Investment Management Co., Ltd.), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Yang Guang Company
“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 and a wholly-owned subsidiary of Yang Guang Company
“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
“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, the PRC, 9 May 2014

For illustration purposes only, the exchange rate adopted in the announcement was RMB0.8039 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 as defined in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) under its Chinese name and the English name “Shanghai Jin Jiang International Hotels (Group) Company Limited”.*