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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)

CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF MASTER PROVISION OF HOTEL ROOMS AGREEMENT, MASTER PROPERTY LEASING AGREEMENT AND MASTER ELECTRONIC COMMERCE SERVICE AGREEMENT

Reference is made to the Prospectus and the announcements of the Company dated 23 December 2011 and 26 November 2013 in relation to, among other things, the Previous Master Provision of Hotel Rooms Agreement, the Previous Master Property Leasing Agreement and the Previous Master Electronic Commerce Service Agreement.

On 28 July 2015, the Company and Jin Jiang International entered into the Master Provision of Hotel Rooms Agreement to replace the Previous Master Provision of Hotel Rooms Agreement to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ending 31 December 2015, 2016 and 2017.

As the Previous Master Property Leasing Agreement expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 28 July 2015 to regulate the provision of property leasing services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017.

As the Previous Master Electronic Commerce Service Agreement expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 28 July 2015 to regulate the provision of the Electronic Commerce Services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017.

LISTING RULES IMPLICATIONS

Jin Jiang International is the controlling shareholder of the Company. Jin Jiang International and its associates are therefore connected persons of the Company under the Listing Rules.

The continuing connected transactions under the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentage ratios (other than the profit ratio) for the highest proposed annual cap for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions under the: (a) Master Provision of Hotel Rooms Agreement; (b) Master Property Leasing Agreement; and (c) Master Electronic Commerce Service Agreement are more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the disclosure and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. RENEWAL OF MASTER PROVISION OF HOTEL ROOMS AGREEMENT

I. Background

Reference is made to the Prospectus and the announcement of the Company dated 23 December 2011 in relation to, among other things, the Previous Master Provision of Hotel Rooms Agreement.

On 28 July 2015, the Company and Jin Jiang International entered into the Master Provision of Hotel Rooms Agreement to replace the Previous Master Provision of Hotel Rooms Agreement to regulate the provision of hotel rooms by the Group to Jin Jiang International Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Provision of Hotel Rooms Agreement are set out below:

II. Master Provision of Hotel Rooms Agreement

Date: 28 July 2015

Parties: (i) Jin Jiang International as the recipient; and
(ii) the Company as the provider

Term: 1 January 2015 to 31 December 2017. The Master Provision of Hotel Rooms Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Provision of Hotel Rooms Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.

Nature of transactions: (i) provision of hotel rooms; and (ii) other related or ancillary goods and services by the Group to Jin Jiang International Group.

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.

As the implementation agreements are simply further elaborations on the provision of products and services as contemplated by the Master Provision of Hotel Rooms Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy: The prices for the provision of relevant products and services to Jin Jiang International and/or its subsidiaries and associates under the Master Provision of Hotel Rooms Agreement shall be determined with reference to the “Hotel Negotiated Prices for Major Customers” (as defined below) offered by the Company to independent third party customers with equivalent or similar volume of annual room reservations and level of aggregate consumption to Jin Jiang International Group.

“Hotel Negotiated Prices for Major Customers” shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of products and services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of products and services provided by independent third parties to determine the “Hotel Negotiated Prices for Major Customers”. Generally, the quotations and terms will be obtained from at least two independent third parties via email, facsimile or telephone enquiry. The Company will determine the “Hotel Negotiated Prices for Major Customers” after comparing and considering certain factors, including the quotation, quality of products and services, seasonal demand in hotel industry, locations of the hotels and specific requirements of the counterparty, etc..

III. Proposed Annual Caps and Basis for the Proposed Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Provision of Hotel Rooms Agreement for each of the three years ended 31 December 2014, as well as the respective annual caps for the three years ended 31 December 2014, are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2012	2013	2014	2012	2013	2014
Fees received by the Group under the Previous Master Provision of Hotel Rooms Agreement for the relevant period	<u>17.2</u>	<u>22.6</u>	<u>21.6</u>	<u>27.0</u>	<u>27.0</u>	<u>27.0</u>

The Directors propose to set the annual caps for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions under the Master Provision of Hotel Rooms Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Provision of Hotel Rooms Agreement have been determined based on the following factors: the estimated amounts of transactions involved with reference to historical transaction volume, the estimated potential growth of the Group and the expected economic growth of China. The Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Unit: RMB million

Item	Proposed annual caps for the relevant period		
	2015	2016	2017
Maximum fees receivable by the Group under the Master Provision of Hotel Rooms Agreement for the relevant period	<u>30.0</u>	<u>31.5</u>	<u>33.0</u>

B. RENEWAL OF MASTER PROPERTY LEASING AGREEMENT

I. Background

Reference is made to the announcements of the Company dated 23 December 2011 and 26 November 2013 in relation to, among other things, the Previous Master Property Leasing Agreement.

As the Previous Master Property Leasing Agreement expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Property Leasing Agreement on 28 July 2015 to regulate the provision of property leasing services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Property Leasing Agreement are set out below:

II. Master Property Leasing Agreement

Date:	28 July 2015
Parties:	(i) Jin Jiang International as the lessor; and (ii) the Company as the lessee
Term:	1 January 2015 to 31 December 2017. The Master Property Leasing Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Property Leasing Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	<p>Jin Jiang International Group shall lease some properties legally owned by it to the Group and provide other property leasing related services to the Group.</p> <p>It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.</p> <p>As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.</p>
Pricing policy:	<p>Prices for the relevant property leasing services under the Master Property Leasing Agreement shall be determined according to the Market Price (as defined below).</p> <p>“Market Price” shall be determined with reference to quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas.</p>

A designated department or personnel of the Company shall primarily be responsible for checking the quotation and market transaction price for similar types of property leasing services provided by independent third parties in neighbouring areas to determine the Market Price. Generally, the quotations and terms will be obtained from at least two real estate agents who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the condition of the relevant property, availability of ancillary facilities and service items to be provided, etc..

Other major terms: Starting from the effective date of the Master Property Leasing Agreement, all existing agreements between the Group and Jin Jiang International and/or its subsidiaries and associates in relation to property leasing transactions (including property leasing transactions after the effective date of the Master Property Leasing Agreement) will be deemed as implementation agreements made under the Master Property Leasing Agreement.

III. Proposed Annual Caps and Basis for the Proposed Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Property Leasing Agreement for each of the three years ended 31 December 2014, as well as the respective annual caps for the three years ended 31 December 2014, are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2012	2013	2014	2012	2013	2014
Property leasing service fees paid by the Group under the Previous Master Property Leasing Agreement for the relevant period	<u>29.4</u>	<u>34.8</u>	<u>32.3</u>	<u>30.0</u>	<u>40.0</u>	<u>50.0</u>

The Directors propose to set the annual caps for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions under the Master Property Leasing Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Property Leasing Agreement have been determined based on the following factors: historical transaction amounts, the expected increase in rental and the expected increase in utility charges and administrative fees. The Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

	Proposed annual caps for the relevant period		
	2015	2016	2017
Maximum property leasing service fees payable by the Group under the Master Property Leasing Agreement for the relevant period	<u>50.0</u>	<u>52.5</u>	<u>55.0</u>

C. RENEWAL OF MASTER ELECTRONIC COMMERCE SERVICE AGREEMENT

I. Background

Reference is made to the announcement of the Company dated 23 December 2011 in relation to, among other things, the Previous Master Electronic Commerce Service Agreement.

As the Previous Master Electronic Commerce Service Agreement expired on 31 December 2014, the Company and Jin Jiang International agreed to renew the transaction terms, and entered into the Master Electronic Commerce Service Agreement on 28 July 2015 to regulate the provision of the Electronic Commerce Services by Jin Jiang International Group to the Group for the three years ending 31 December 2015, 2016 and 2017. Details of the Master Electronic Commerce Service Agreement are set out below:

II. Master Electronic Commerce Service Agreement

Date:	28 July 2015
Parties:	(i) Jin Jiang International as the service provider; and (ii) the Company as the service recipient
Term:	1 January 2015 to 31 December 2017. The Master Electronic Commerce Service Agreement can be terminated by either party by giving three months' prior written notice to the other party. The term of the Master Electronic Commerce Service Agreement can be extended, provided that Jin Jiang International and the Company agree to such extension and the Listing Rules are complied with.
Nature of transactions:	Jin Jiang International Group shall provide the Electronic Commerce Services to the Group.

It is envisaged that from time to time and as required, individual implementation agreements may be entered into between the Group, Jin Jiang International, its subsidiaries and/or associates, as appropriate.

As the implementation agreements are simply further elaborations on the provision of services as contemplated by the Master Electronic Commerce Service Agreement, therefore they do not constitute new categories of connected transactions.

Pricing policy:

Prices for the Electronic Commerce Services shall be determined in accordance with the following principles:

1) Services for bonus-point redemption gifts

Upon checking in a member hotel of the Group at the member room rate, a member guest may choose to receive a room rate discount or bonus points or both (depending on the category of his/her membership). If the member guest chooses to receive the room rate discount, the member hotel of the Group concerned is not required to pay any bonus costs to Jin Jiang International Group; if the member guest chooses to receive bonus points, the member hotel of the Group shall pay to Jin Jiang International Group a fixed percentage of the reasonable room charges incurred by such member guest as bonus costs.

If a member hotel of the Group launches other promotional activities that involve the grant of bonus points to member guests, an amount equivalent to the RMB cash value of the bonus points accrued shall be paid to Jin Jiang International Group.

Where a member hotel of the Group provides a complimentary room to a member guest at a discounted rate through the redemption of bonus points, Jin Jiang International Group shall settle the account with such member hotel of the Group at 100% of such discounted rate.

2) Cooperative services for prepayment

Settlement of spot-payment orders: Jin Jiang International Group is responsible for sending the orders to the member hotel of the Group only. Charges shall be settled by the member hotel of the Group directly with the customer with the issuance of an invoice stating the full amount. The Group is not required to pay any charges to Jin Jiang International Group.

Orders with advanced deposits: Jin Jiang International Group shall issue to the member hotel of the Group an order which states that the amount of deposit has been received and the invoice has yet to be issued. Upon completion of the patronage, the member hotel of the Group shall collect from the customer the balance (if any) of the charge after deducting the advanced deposit stated by the electronic commerce platforms, and issue an invoice stating the full amount to the customer. Jin Jiang International Group shall charge the member hotel of the Group an amount equivalent to the actual amount of deposit received multiplied by a fixed percentage.

Floor-price settlement orders: Jin Jiang International Group shall issue to the member hotel of the Group an order which states that the payment has been received in full and the invoice has been issued. Upon completion of the patronage as per items stated on the order, the member hotel of the Group shall not issue any invoice to the customer; if the customer has incurred additional expenses other than those stated on the order, the member hotel of the Group shall settle the portion in excess with the customer and issue a relevant invoice on the spot. Jin Jiang International Group shall charge the member hotel of the Group at a pre-negotiated floor price.

Prices for the Electronic Commerce Services under the Master Electronic Commerce Service Agreement shall be determined according to the Market Price (as defined below).

“Market Price” shall be determined with reference to the prevailing price being charged by independent third parties in the ordinary and usual course of business for the provision of the same type of services.

A designated department or personnel of the Company shall primarily be responsible for checking the quotations and terms for similar types of electronic commerce services provided by electronic commerce platforms who are independent third parties to determine the Market Price. Generally, the quotations and terms will be obtained from at least two electronic commerce platforms who are independent third parties via email, facsimile or telephone enquiry. The Company will determine the Market Price after comparing and considering certain factors, including the quotation, quality of service, specific requirements of the counterparty, technical advantage of the service provider, requirements of the Group's customers, ability of the service provider to fulfill technical specifications and qualifications and relevant experience of the service provider, etc..

III. Proposed Annual Caps and Basis for the Proposed Annual Caps

The historical amounts for the continuing connected transactions conducted under the Previous Master Electronic Commerce Service Agreement for each of the three years ended 31 December 2014, as well as the respective annual caps for the three years ended 31 December 2014, are set out below:

Unit: RMB million

Item	Historical amounts			Annual caps		
	2012	2013	2014	2012	2013	2014
Service fees paid by the Group under the Previous Master Electronic Commerce Service Agreement for the relevant period	<u>2.6</u>	<u>9.9</u>	<u>7.3</u>	<u>19.0</u>	<u>38.0</u>	<u>50.0</u>

The Directors propose to set the annual caps for the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions under the Master Electronic Commerce Service Agreement as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Electronic Commerce Service Agreement have been determined based on the following factors: historical transaction amounts, the Group's development plans for its hotel, tourism, and passenger transportation businesses, the Group's plan to create a hotel and tourism business chain through the e-commerce platform and the expected economic growth of China. The Directors (including the independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

	Proposed annual caps for the relevant period		
	2015	2016	2017
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	<u>50.0</u>	<u>50.0</u>	<u>50.0</u>

D. REASONS FOR THE CONTINUING CONNECTED TRANSACTIONS

Due to the long-term relationship between the Company and Jin Jiang International Group, the Company considers that it is beneficial to continue to enter into the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement as these transactions will continue to facilitate the operation and growth of the Group's business.

The Board (including the independent non-executive Directors) considers that the transactions under the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement are conducted on normal commercial terms or on terms no less favourable to the Company than those available to or from independent third parties, and are entered into on a continuing or recurring basis in the ordinary and usual course of business of the Company, and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Board (including the independent non-executive Directors) further considers that, the proposed annual caps for the transactions under the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement for the three years ending 31 December 2015, 2016 and 2017 are fair and reasonable. Mr. Yu Minliang (being an executive Director) and Ms. Chen Wenjun (being an executive Director) who also acts as a director and senior management member of Jin Jiang International, respectively, have abstained from voting on the Board resolution(s) in relation to the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement. No other Directors have any material interests in the transactions conducted under the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement.

E. LISTING RULES IMPLICATIONS

Jin Jiang International is the controlling shareholder of the Company. Jin Jiang International and its associates are therefore connected persons of the Company under the Listing Rules.

The continuing connected transactions under the Master Provision of Hotel Rooms Agreement, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Group and accordingly constitute continuing connected transactions of the Company under the Listing Rules.

Since the applicable percentage ratios (other than the profit ratio) for the highest proposed annual cap for each of the three years ending 31 December 2015, 2016 and 2017 for the continuing connected transactions under the: (a) Master Provision of Hotel Rooms Agreement; (b) Master Property Leasing Agreement; and (c) Master Electronic Commerce Service Agreement are more than 0.1% but less than 5%, the continuing connected transactions under these agreements are only subject to the disclosure and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

F. GENERAL INFORMATION

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

Jin Jiang International Group is one of the largest hotel and tourism conglomerates in the PRC.

G. DEFINITIONS

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“China” or “PRC”	the People’s Republic of China, excluding, for the purposes of this announcement only, Hong Kong Special Administrative Region, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“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 of Hong Kong Limited
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Customer Loyalty Programme”	the customer loyalty programme named Jin Jiang • Lixiang+ — J Club (錦江 • 禮享+ — J Club), which aims to impress the customers by the provision of various gifts and attentive care
“Director(s)”	the directors of the Company
“Electronic Commerce Services”	electronic commerce services include the provision of advanced booking and sales services for hotel rooms, automobiles and ancillary services, tourism, business trip products by electronic commerce platforms as well as the Customer Loyalty Programme
“Group”	the Company and its subsidiaries

“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), the controlling shareholder of the Company
“Jin Jiang International Group”	Jin Jiang International and its associates (excluding the Group)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Electronic Commerce Service Agreement”	the master electronic commerce service agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “C. Renewal of Master Electronic Commerce Service Agreement” in this announcement
“Master Property Leasing Agreement”	the master property leasing agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “B. Renewal of Master Property Leasing Agreement” in this announcement
“Master Provision of Hotel Rooms Agreement”	the master provision of hotel rooms agreement entered into between the Company and Jin Jiang International, details of which are set out in the paragraph titled “A. Renewal of Master Provision of Hotel Rooms Agreement “ in this announcement
“Previous Master Electronic Commerce Service Agreement”	the master electronic commerce service agreement dated 23 December 2011 entered into between the Company and Jin Jiang International
“Previous Master Property Leasing Agreement”	the master property leasing agreement dated 23 December 2011 entered into between the Company and Jin Jiang International
“Previous Master Provision of Hotel Rooms Agreement”	the master provision of hotel rooms agreement dated 20 November 2006 entered into between the Company and Jin Jiang International
“Prospectus”	the prospectus dated 30 November 2006 issued by the Company
“RMB”	the lawful currency of China
“subsidiary”	has the same meaning ascribed thereto under the Listing Rules

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

Shanghai, the PRC, 28 July 2015

As at the date of this announcement, the executive directors of the Company are Mr. Yu Minliang, Ms. Guo Lijuan, Ms. Chen Wenjun, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive directors of the Company are Mr. Ji Gang, Dr. Rui Mingjie, Mr. Yang Menghua, Mr. Sun Dajian, 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**”.*