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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)

ANNOUNCEMENT
CONNECTED TRANSACTION
ESTABLISHMENT OF JOINT VENTURE WEHOTEL

Establishment of Joint Venture WeHotel

The Board announces that on 5 December 2016, the Company entered into the Shareholders' Agreement with Jin Jiang Hotels Development, Jin Jiang Capital, UnionPay Venture, Tibet Hony, Guosheng Investment and the Qualified Investors. Pursuant to this agreement, the parties shall co-invest an aggregate capital contribution of RMB1,000 million to establish a joint venture company known as WeHotel. Each of the Company and Jin Jiang Hotels Development shall make a capital contribution of RMB100 million, holding 10% equity interest in WeHotel, respectively.

Implications under the Listing Rules

Transactions contemplated by the Group under the Shareholders' Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio exceeds 0.1% but is less than 5%, the transactions contemplated are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 5 December 2016, the Company entered into the Shareholders' Agreement with Jin Jiang Hotels Development, Jin Jiang Capital, UnionPay Venture, Tibet Hony, Guosheng Investment and the Qualified Investors. Pursuant to this agreement, the parties shall co-invest an aggregate capital contribution of RMB1,000 million to establish a joint venture company known as WeHotel. Each of the Company and Jin Jiang Hotels Development shall make a capital contribution of RMB100 million, holding 10% equity interest in WeHotel, respectively.

SHAREHOLDERS' AGREEMENT

The major terms of the Shareholders' Agreement are set out as follows:

Date: 5 December 2016

Parties of the agreement: The Company;
Jin Jiang Hotels Development;
Jin Jiang Capital;
UnionPay Venture;
Tibet Hony;
Guosheng Investment; and
Qualified Investors.

Scope of operation of the joint venture company: Electronic commerce (excluding value-added telecommunication services and financial services), technological development in the field of information technology, technology transfer, technology consulting, technical services, industrial investment, business consulting, conference and exhibition services, ticketing agency (other than franchising), hotel and restaurant information consulting services, room reservation services, travel consulting (other than the travel agency business), corporate management consulting, corporate image planning, advertising design and production, domestic trade (other than that of exclusive items), import and export of commodities and technologies. The operations of businesses requiring approvals in accordance with the laws may only commence after such approvals have been granted by relevant authorities.

Amount of capital contribution and shareholding percentage:	Amount of subscribed capital contribution <i>(RMB yuan)</i>	Shareholding percentage
Jin Jiang Capital	300,000,000	30%
The Company	100,000,000	10%
Jin Jiang Hotels Development	100,000,000	10%
UnionPay Venture	190,000,000	19%
Guosheng Investment	60,000,000	6%
Tibet Hony	100,000,000	10%
Qualified Investors	<u>150,000,000</u>	<u>15%</u>
Total	<u>1,000,000,000</u>	<u>100%</u>

The capital requirements of the joint venture company was determined by arm's length negotiations between the parties taking into account the development plans of the joint venture company.

Form of capital contribution: RMB in cash.

Terms of payment: The capital contribution subscribed by the parties, shall be fully paid in accordance with the terms of the Shareholders' Agreement.

Conditions for the effectiveness of the agreement: The Shareholders' Agreement shall come into effect upon joint execution by the parties.

INFORMATION ON THE GROUP AND COUNTERPARTIES

Information of the Company

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

Information of Jin Jiang Hotels Development

Jin Jiang Hotels Development is principally engaged in the operation and management of select service hotels, as well as food and restaurant businesses. Jin Jiang Hotels Development is a subsidiary of the Company.

Information of Jin Jiang Capital

Jin Jiang Capital is principally engaged in investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting, asset management and storage services (excluding storage of hazardous items). Jin Jiang Capital is a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company, and thus a connected person of the Company.

Information of UnionPay Venture

UnionPay Venture is principally engaged in investment information and the entrusted management of and investment in high technology products such as modern biological medicines and new materials. UnionPay Venture is a wholly-owned subsidiary of China UnionPay Company Limited (中國銀聯股份有限公司).

Information of Tibet Hony

Tibet Hony is principally engaged in equity investment and management businesses. Tibet Hony is an associate of Hony Investment Fund, a substantial shareholder of the Company's subsidiary, Jin Jiang Hotels Development, therefore it is a connected person of the Company.

Information of Guosheng Investment

Guosheng Investment is principally engaged in industrial, real estate investments and investment in related businesses, asset operations and related consulting services.

Information of the Qualified Investors

The Qualified Investors are the investors designated by Jin Jiang Capital, in compliance with relevant conditions stipulated under the applicable laws (if any) and capable of playing important or crucial roles in the development of the joint venture company WeHotel (including but not limited to the key employees), proposing to make an aggregate capital contribution of RMB150,000,000. The Qualified Investors platform is currently in the process of setting up, the final name of which shall be subject to the approval from the authorities of administration for industry and commerce. Certain of the Qualified Investors are connected persons of the Company at the subsidiary level. The rest of the Qualified Investors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, UnionPay Venture and Guosheng Investment and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SHAREHOLDERS' AGREEMENT

The Company proposes to establish a joint venture company known as WeHotel with Jin Jiang Hotels Development, Jin Jiang Capital, UnionPay Venture, Tibet Hony, Guosheng Investment and the Qualified Investors, which is conducive to integrate the Group's resources and upgrade its capabilities, drive the convergence of domestic and international hotel systems, effectively enhance its operating efficiency and lower service costs as well as build the shared economic platform based on the mobile internet.

The Board (including the independent non-executive Directors) is of the view that the terms of the Shareholders' Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming and Mr. Zhang Qian, the Directors of the Company, are deemed to have material interests in the transactions contemplated under the Shareholders' Agreement and have therefore abstained from voting in

respect of the relevant Board resolution. Save for the aforesaid, none of the other Directors has a material interest in the transactions or is required to abstain from voting in respect of the relevant Board resolution.

IMPLICATIONS UNDER THE LISTING RULES

Jin Jiang Capital is a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company, and therefore, Jin Jiang Capital is a connected person of the Company under Chapter 14A of the Listing Rules. Tibet Hony is an associate of Hony Investment Fund, a substantial shareholder of Jin Jiang Hotels Development, a subsidiary of the Company, and therefore, Tibet Hony is a connected person of the Company under Chapter 14A of the Listing Rules. Certain of the Qualified Investors are connected persons of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

Transactions contemplated by the Group under the Shareholders' Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio exceeds 0.1% but is less than 5%, the transactions contemplated are subject to the reporting and announcement requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of 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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Guosheng Investment”	Shanghai Guosheng Group Investment Co., Ltd (上海國盛集團投資有限公司), a limited liability company incorporated in the PRC
“Group”	the Company and its subsidiaries
“Jin Jiang Capital”	Shanghai Jin Jiang Capital Management Company Limited (上海錦江資本管理有限公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Jin Jiang International, the controlling shareholder of the Company

“Jin Jiang Hotels Development”	Shanghai Jin Jiang International Hotels Development Company Limited (上海錦江國際酒店發展股份有限公司), a joint stock limited company incorporated in the PRC, the A shares and B shares of which are listed on the Shanghai Stock Exchange and a subsidiary of the Company
“Jin Jiang International”	Jin Jiang International Holdings Company Limited (錦江國際(集團)有限公司), the controlling shareholder of the Company owning 75% interests in the issued share capital of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hony Investment Fund”	Hony (Shanghai) Equity Interest Investment Fund Centre (Limited Partnership) (弘毅(上海)股權投資基金中心(有限合夥)), a limited partnership incorporated in the PRC and a substantial shareholder of Jin Jiang Hotels Development, a subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Qualified Investors”	the investors which are designated by Jin Jiang Capital, in compliance with relevant conditions stipulated under the applicable laws (if any) and capable of playing important or crucial roles in the development of the joint venture company WeHotel (including but not limited to the key employees), proposing to make an aggregate capital contribution of RMB150,000,000. The Qualified Investors platform is currently in the process of setting up, the final name of which shall be subject to the approval from the authorities of administration for industry and commerce
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders’ Agreement”	the shareholders’ agreement dated 5 December 2016 entered into amongst the Company, Jin Jiang Hotels Development, Jin Jiang Capital, UnionPay Venture, Tibet Hony, Guosheng Investment and the Qualified Investors in relation to the establishment of the joint venture company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Tibet Hony”	Hony (Tibet) Mezzanine Investment Management Centre (Limited Partnership) (西藏弘毅夾層投資管理中心(有限合夥)), a limited partnership incorporated in the PRC
“UnionPay Venture”	Shanghai UnionPay Venture Capital Co., Ltd. (上海聯銀創業投資有限公司), a limited liability company incorporated in the PRC

“WeHotel” a limited liability company to be established in the PRC pursuant to the Shareholders’ Agreement, the final name of which shall be subject to the approval from the authorities of administration for industry and commerce

“%” per cent

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

Shanghai, the PRC, 5 December 2016

As at the date of this announcement, the executive Directors of the Company are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Zhang Qian, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors of the Company are Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.

* *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**”.*