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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 limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 02006)

DISCLOSEABLE TRANSACTION
FIRST SBLC ISSUING AGREEMENT
AND
SECOND SBLC ISSUING AGREEMENT

The Company would like to announce that on 29 March 2011, it entered into the following agreements: (i) the First SBLC Issuing Agreement with ICBC Shanghai; (ii) the Second SBLC Issuing Agreement with ICBC Shanghai; and (iii) the Fee Letter with IHR.

IHR, a connected person of the Company, entered into the First ICBC Loan Agreement and the Second ICBC Loan Agreement with ICBC Europe, the effectiveness of which are subject to the satisfaction of certain conditions precedent. Under the First ICBC Loan Agreement and the Second ICBC Loan Agreement, ICBC Europe will provide the Banking Loan Facilities to IHR. As required under the First ICBC Loan Agreement and the Second ICBC Loan Agreement, ICBC Shanghai has provided the First SBLC and the Second SBLC to ICBC Europe as security for the Banking Loan Facilities respectively. In consideration of the issuance of the First SBLC and the Second SBLC, the Company has entered into the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement respectively with ICBC Shanghai. Under the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement, the Company has unconditionally agreed to compensate ICBC Shanghai for the payments made by ICBC Shanghai under the First SBLC and the Second SBLC and all losses incurred by it as a result of such payments.

In consideration of the Company entering into the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement, IHR has entered into the Fee Letter with the Company. Under the Fee Letter, IHR has agreed to reimburse the arrangement fees, the issuance fees and all legal fees paid by the Company to ICBC Shanghai in relation to the issuance of the First SBLC and the Second SBLC.

IHR, through its wholly owned subsidiary IHR Europe, indirectly holds a 49% equity interest in IHR China, a subsidiary of the Company. As such, the provision of indirect financial assistance to IHR under the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement by the Company as described above constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. The reimbursement of the abovementioned fees from IHR to the Company under the Fee Letter also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that: (1) the First SBLC Issuing Agreement, the Second SBLC Issuing Agreement and the Fee Letter were entered into by the Company on normal commercial terms; (2) IHR is only a connected person of the Company at its subsidiary level; and (3) the value of IHR China's total assets, profits and revenue respectively represents less than 5% under the relevant applicable percentage ratios set out in the Listing Rules for the year ended 31 December 2009, IHR China satisfies the requirements under Rule 14A.31(9)(b)(ii) of the Listing Rules. Therefore, the entering into of such agreements by the Company are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules for entering into the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement by the Company exceed 5%, but are less than 25%, they constitute discloseable transactions of the Company under Rule 14.06(2) of the Listing Rules.

BACKGROUND

In addition to the First ICBC Loan Agreement, the Second ICBC Loan Agreement, the First SBLC Issuing Agreement, the Second SBLC Issuing Agreement and the Fee Letter mentioned above, THI V has also on the date of this announcement entered into a pledge agreement with ICBC Shanghai, to pledge its 50% shareholding interest in HAC to ICBC Shanghai to secure 50% of the aggregate amount of the First SBLC and the Second SBLC.

I. THE FIRST SBLC ISSUING AGREEMENT

The main terms of the First SBLC Issuing Agreement are summarised as follows:

1. Date: 29 March 2011
2. Parties: (a) the Company; and
(b) ICBC Shanghai
3. Beneficiary of the First SBLC: ICBC Europe
4. Amount of the First SBLC: USD69,750,000 (equivalent to HK\$544,050,000)
5. Term of the First SBLC:

From the first draw down date as stipulated in the First ICBC Loan Agreement to 2 months after the expiry date of the First ICBC Loan Agreement

6. Purpose of the First SBLC:

The First SBLC will be used as security for the Banking Loan Facilities provided by ICBC Europe to IHR.

7. The First SBLC issuance fee: an amount of USD1,674,000 (equivalent to HK\$13,057,200) payable by the Company to ICBC Shanghai

8. Arrangement fee: an amount of RMB2,500,000 (approximately HK\$2,941,000) payable by the Company to ICBC Shanghai

II. THE SECOND SBLC ISSUING AGREEMENT

The main terms of the Second SBLC Issuing Agreement are summarised as follows:

1. Date: 29 March 2011

2. Parties: (a) the Company; and

(b) ICBC Shanghai

3. Beneficiary of the Second SBLC: ICBC Europe

4. Amount of the Second SBLC: USD65,000,000 (equivalent to HK\$507,000,000)

5. Term:

From the first draw down date as stipulated in the Second ICBC Loan Agreement to 2 months after the expiry date of the Second ICBC Loan Agreement

6. Purpose of the Second SBLC:

The Second SBLC will be used as security for the Banking Loan Facilities provided by ICBC Europe to IHR.

7. The Second SBLC issuance fee: an amount of USD1,560,000 (equivalent to HK\$12,168,000) payable by the Company to ICBC Shanghai

8. Arrangement fee: Nil

III. THE FEE LETTER

The main terms of the Fee Letter are summarised as follows:

1. Date: 29 March 2011

2. Parties: (a) the Company; and

(b) IHR

3. Reimbursement:

IHR will reimburse the arrangement fee, the issuance fees and all legal fees paid by the Company to ICBC Shanghai in relation to the issuance of the First SBLC and the Second SBLC.

IV. REASONS AND BENEFITS FOR ENTERING INTO THE FEE LETTER, THE FIRST SBLC ISSUING AGREEMENT AND THE SECOND SBLC ISSUING AGREEMENT

The purpose of entering into the Fee Letter, the First SBLC Issuing Agreement and the Second SBLC Agreement are to accelerate the process of the debts restructuring arrangements of IHR.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Fee Letter, the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

V. FINANCIAL EFFECTS

The entering into the Fee Letter, the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement has no immediate material financial effect on the Group's earnings, net assets and liabilities.

VI. GENERAL INFORMATION

The Group is principally engaged in star-rated hotel operation and management, budget hotel operation and franchising, restaurant operation and other hotel-related businesses.

IHR is a leading hotel real estate investor and the largest independent hotel management company in the United States. IHR and its affiliates manages and/or has ownership interests in a total of 232 hospitality properties with more than 46,000 rooms in 37 states, the District of Columbia, Russia, India, Mexico, Belgium, Canada, Ireland and England. IHR has ownership interests in 56 of those properties, including six wholly-owned assets.

ICBC Shanghai is a branch of ICBC which is one of the largest commercial banks in the PRC and provides a variety of financial products and services to customers around the globe through about 16,000 domestic institutions, nearly 200 overseas institutions and over 1,500 correspondent banks worldwide.

VI. IMPLICATION UNDER THE LISTING RULES

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, ICBC Shanghai and its ultimate beneficial owner is not a connected person and is independent of any director, chief executive or substantial shareholder or the controlling shareholder of the Company or its subsidiaries or any of their respective associates.

IHR, through its wholly owned subsidiary IHR Europe, indirectly holds a 49% equity interest in IHR China, a subsidiary of the Company. As such, the provision of indirect financial assistance to IHR under the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement by the Company as described above constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. The reimbursement of the abovementioned fees from IHR to the Company under the Fee Letter also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that: (1) the First SBLC Issuing Agreement, the Second SBLC Issuing Agreement and the Fee Letter were entered into by the Company on normal commercial terms; (2) IHR is only a connected person of the Company at its subsidiary level; and (3) the value of

IHR China's total assets, profits and revenue respectively represents less than 5% under the relevant applicable percentage ratios set out in the Listing Rules for the year ended 31 December 2009, IHR China satisfies the requirements under Rule 14A.31(9)(b)(ii) of the Listing Rules. Therefore, the entering into of such agreements by the Company are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules for entering into the First SBLC Issuing Agreement and the Second SBLC Issuing Agreement by the Company exceed 5%, but are less than 25%, they constitute discloseable transactions of the Company under Rule 14.06(2) of the Listing Rules.

VII. DEFINITIONS

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

“Banking Loan Facilities”	a banking loan facilities to be provided by ICBC Europe to IHR in the principal amount of USD128,000,000 (equivalent to HK\$ 998,400,000)
“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
“Director(s)”	the directors of the Company
“Fee Letter”	a fee letter dated 29 March 2011 entered into between the Company and IHR
“First ICBC Loan Agreement”	a loan agreement dated 29 March 2011 entered into between ICBC Europe and IHR, under which ICBC Europe will provide to IHR a loan in the principal amount of USD\$66,250,000 (equivalent to HK\$516,750,000)
“First SBLC”	the stand-by letter of credit to be issued by ICBC Shanghai to ICBC Europe, as contemplated under the First SBLC Issuing Agreement
“First SBLC Issuing Agreement”	a stand-by letter of credit issuing agreement dated 29 March 2011 entered into between the Company and ICBC Shanghai
“Group”	the Company and its subsidiaries
“HAC”	Hotel Acquisition Company, LLC, a Delaware limited liability company and the parent company of IHR
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC

“ICBC”	Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司)
“ICBC Europe”	Industrial and Commercial Bank of China (Europe) SA
“ICBC Shanghai”	Industrial and Commercial Bank of China Limited, Shanghai Branch (中國工商銀行股份有限公司上海市分行)
“IHR”	Interstate Hotels & Resorts, Inc., a Delaware limited liability company
“IHR China”	Interstate (China) Hotels & Resorts Co., Ltd. (州際(中國)酒店和度假村有限公司), a limited liability company incorporated in Hong Kong
“IHR Europe”	Interstate Hotels & Resorts (Europe), Inc., a direct shareholder of IHR China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China (for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“Second ICBC Loan Agreement”	a loan agreement dated 29 March 2011 entered into between ICBC Europe and IHR, under which ICBC Europe will provide to IHR a loan in the principal amount of USD61,750,000 (equivalent to HK\$481,650,000)
“Second SBLC”	the stand-by letter of credit to be issued by ICBC Shanghai to ICBC Europe, as contemplated under the Second SBLC Issuing Agreement
“Second SBLC Issuing Agreement”	a stand-by letter of credit issuing agreement dated 29 March 2011 entered into between the Company and ICBC Shanghai
“Shareholder(s)”	the shareholder(s) of the Company
“THI V”	THI V Inca LLC, a Delaware limited liability company and an indirect shareholder of IHR
“USD”	United States dollars, the lawful currency of the United States

By Order of the Board of Directors
Shanghai Jin Jiang International Hotels (Group) Company Limited
Yang Weimin
Executive Director & Chief Executive Officer

Shanghai, the PRC, 29 March 2011

As at the date of this announcement, the executive directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Chen Hao, Mr. Xu Zurong, Mr. Han Min and Mr. Kang Ming, the non-executive director is Mr. Shen Maoxing, and the independent non-executive directors are Mr. Ji Gang, Mr. Xia Dawei, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu, Mr. Shen Chengxiang and Mr. Lee Chung Bo.

The exchange rates adopted in this announcement for illustration purposes only are USD1.00 = HK\$7.80 and HK\$1.00 = RMB 0.85.

** 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”.*