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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)**

## **CONNECTED TRANSACTION**

### **PROVISION OF A LOAN**

The Board is pleased to announce that on 9 November 2011, Finance Company, a subsidiary of the Company, and Kunlun Hotel entered into the Loan Agreement, pursuant to which, Finance Company agreed to provide a loan in the principal amount of RMB120,000,000 to Kunlun Hotel.

A 52.5% equity interest in Kunlun Hotel is held by Shanghai International Group, which is the controlling shareholder of SIG Investment. SIG Investment is a substantial shareholder of Sofitel Hyland and Jian Guo Hotel, which are the subsidiaries of the Company, therefore Kunlun Hotel is a connected person of the Company pursuant to the Listing Rules. As such, the transaction in relation to provision of loan by Finance Company to Kunlun Hotel under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the consideration ratio for the principal amount of the loan exceeds 1% but is less than 5%, the transaction under the Loan Agreement is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempted from the independent shareholders' approval requirement.

#### **A. BACKGROUND**

The Board is pleased to announce that on 9 November 2011, Finance Company, a subsidiary of the Company, and Kunlun Hotel entered into the Loan Agreement, pursuant to which, Finance Company agreed to provide a loan in the principal amount of RMB120,000,000 to Kunlun Hotel.

A 52.5% equity interest in Kunlun Hotel is held by Shanghai International Group, which is the controlling shareholder of SIG Investment. SIG Investment is a substantial shareholder of Sofitel Hyland and Jian Guo Hotel, which are the subsidiaries of the Company, therefore Kunlun Hotel is a connected person of the Company pursuant to the Listing Rules.

## **B. LOAN AGREEMENT**

Date:	9 November 2011
Parties:	(1) Kunlun Hotel (as the borrower) (2) Finance Company (as the lender)
Principal amount of the loan:	RMB120,000,000
Term of the loan:	The loan is for a term of 12 months from 9 November 2011 to 8 November 2012. The principal amount of the loan together with interests accrued will be repaid to Finance Company in one lump sum upon the expiry of the term of the loan.
Interest rate for the loan:	Interest rate for the loan is 5.4667% per month, which is determined by Finance Company and Kunlun Hotel upon arm's length negotiation based on the RMB loan benchmark lending interest rate for the same period announced by the People's Bank of China.
Guarantee:	Kunlun Hotel provides its own real estates as a security of the guarantee for the principal amount of the loan and interests in favour of Finance Company.

## **C. REASONS AND BENEFITS FOR THE TRANSACTION**

The loan will be used to satisfy the working capital requirements of Kunlun Hotel, which will help the Group to fully centralise its existing cash resources and improve its capital efficiency, as well as providing interest income to the Group.

The Board (including the independent non-executive Directors) considers that the terms of the Loan Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. Mr. Han Min, being the Company's executive Director and a director of Kunlun Hotel, has abstained from voting on the Board in relation to the Loan Agreement. No Director has a material interest in the transaction under the Loan Agreement.

## **D. IMPLICATIONS UNDER THE LISTING RULES**

A 52.5% equity interest in Kunlun Hotel is held by Shanghai International Group, which is the controlling shareholder of SIG Investment. SIG Investment is a substantial shareholder of Sofitel Hyland and Jian Guo Hotel, which are the subsidiaries of the Company, therefore Kunlun Hotel is a connected person of the Company pursuant to the Listing Rules. As such, the transaction in relation to provision of loan by Finance Company to Kunlun Hotel under the Loan Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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## E. GENERAL

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

Kunlun Hotel is principally engaged in the provision of hotel accommodations, catering and banquets services, etc.

## F. 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
“China” or “PRC”	the People’s Republic of China
“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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“consideration ratio”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Finance Company”	Jin Jiang International Finance Company Limited
“Group”	the Company and its subsidiaries
“Jian Guo Hotel ”	Shanghai Jian Guo Hotel Co., Ltd.
“Kunlun Hotel”	Beijing Kunlun Hotel Company Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the working capital loan agreement entered into between Kunlun Hotel and Finance Company on 9 November 2011
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai International Group”	Shanghai International Group Co., Ltd.
“SIG Investment”	Shanghai International Group Investment Management Co., Ltd.
“Sofitel Hyland”	Sofitel Hyland Shanghai Co., Ltd.

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent
“‰”	per thousand

By order of the Board of  
**Shanghai Jin Jiang International Hotels (Group) Company Limited**  
**Kang Ming**

*Executive Director and Joint Company Secretary*

Shanghai, the PRC, 9 November 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. 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 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”.*