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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)

CONTINUING CONNECTED TRANSACTIONS

A. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Prospectus in which the Company disclosed information in relation to the continuing connected transactions between the Group and Jin Jiang International Group, which are governed by the Master Agreements.

B. NEW CONTINUING CONNECTED TRANSACTIONS

Master Property Leasing Agreement

Prior to entering into the Master Property Leasing Agreement, certain members of the Group have rented several properties located in Shanghai from certain associates of Jin Jiang International pursuant to the terms of the Leases and the Long Term Leases. The Leases and the Long Term Leases were entered into between the relevant parties on normal commercial terms and in the ordinary and usual course of business of the Group. During the relevant period, the Leases and the Long Term Leases constitute the continuing connected transactions of the Company exempted from independent shareholders' approval requirement since each of the applicable percentage ratios for the Leases and the Long Term Leases calculated on an annual basis is more than 0.1% but less than 5%. As it is contemplated that members of the Group and members of Jin Jiang International Group may from time to time in the future consider entering into new lease arrangements in respect of properties owned by Jin Jiang International Group, in order to systematically organised all the property leasing arrangements between the Group and Jin Jiang International Group for the purposes of Chapter 14A of the Listing Rules, on 23 December 2011, the Company and Jin Jiang International have entered into the Master Property Leasing Agreement in relation to the Transactions, pursuant to which, Jin Jiang International Group will lease some properties legally owned by it to the Group and provide other property leasing related services to the Group.

Master Electronic Commerce Service Agreement

On 23 December 2011, the Company and Jin Jiang International have entered into the Master Electronic Commerce Service Agreement, pursuant to which, Jin Jiang International Group will provide the Electronic Commerce Services to the Group.

C. 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 Agreements, 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 for the highest proposed annual cap for each of the three years ending 31 December 2014 for the continuing connected transactions under (a) the Master Agreements; (b) the Master Property Leasing Agreement; and (c) the Master Electronic Commerce Service Agreement are more than 0.1% but less than 5%, in accordance with Rule 14A.34 of the Listing Rules, the continuing connected transactions under these agreements are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement.

A. RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

I. Background

Reference is made to the Prospectus in which the Company disclosed information in relation to the continuing connected transactions between the Group and Jin Jiang International Group, which are governed by the Master Agreements. Details of the Master Agreements are set out below.

II. Master Agreements

Date: 20 November 2006

Parties: (i) Jin Jiang International as provider and/or recipient (as the case may be); and

(ii) the Company as provider and/or recipient (as the case may be)

Terms: Each of the Master Agreements has a current term due to expire on 31 December 2011. Upon the expiry of such initial term, each of the Master Agreements shall automatically extend for further terms of three years, subject to the fulfillment of the relevant requirements of the Listing Rules, unless at least three months prior to the expiry of each such term any relevant party gives written notice of termination to the other party. On or prior to 30 September 2011, i.e. three months before the termination of each of the Master Agreements, no party issued the written notice of termination in respect of any of the Master Agreements. Each of the Master Agreements will be automatically renewed for another term of three years, which will expire on 31 December 2014.

Nature of transactions: (a) Master Food and Beverage Services and Provision of Food Agreement:

- (i) provision of food; (ii) food and beverage services; and (iii) other related or ancillary goods and services by Jin Jiang International Group to the Group as well as by the Group to Jin Jiang International Group

(b) Master Hotel Supporting Services Agreement:

- (i) provision of I.T. services, laundry services, lift maintenance services, film development services, printing services, telecommunication and electronic products, telephone services, hotel-related goods and other hotel supporting services; and (ii) other related or ancillary goods and services by Jin Jiang International Group to the Group

(c) Master Provision of Hotel Rooms Agreement:

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

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 each of the Master Agreements, therefore they do not constitute new categories of connected transactions.

Prices: Each relevant product or service must be provided in accordance with the following general pricing principles:

- State-Prescribed Price; or
- where there is no State-Prescribed Price, then according to relevant market prices.

Payment for goods and services under the Master Agreements is usually settled monthly or quarterly in arrears, as the case may be.

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

The historical amounts for the continuing connected transactions conducted under the Master Agreements for the two years ended 31 December 2010 and the period between 1 January 2011 to 30 November 2011, as well as the respective annual caps for each of the three years ended or ending 31 December 2011, are set out below:

Unit: RMB million

Items	Historical figures			Annual caps		
	For the year ended 2009	For the year ended 2010	From 1 January 2011 to 30 November 2011	For the year ended 2009	For the year ended 2010	For the year ending 2011
Expenditure items:						
1) Master Food and Beverage Services and Provision of Food Agreement	16.5	6.7	4	33	43	47
2) Master Hotel Supporting Services Agreement	6.1	4.7	3	9.2	12	13.1
Revenue items:						
1) Master Food and Beverage Services and Provision of Food Agreement	2.9	3.2	3	4	5.1	5.6
2) Master Provision of Hotel Rooms Agreement	10.4	24.8	12	38	49	54

The Directors propose to set the annual caps for the three years ending 31 December 2014 for the continuing connected transactions under the Master Agreements as set out in the table below. The annual caps for the continuing connected transactions conducted under the Master Agreements 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 independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Items	Proposed annual caps for the relevant period		
	For the year ending 2012	For the year ending 2013	For the year ending 2014
Expenditure items:			
1) Master Food and Beverage Services and Provision of Food Agreement	23	23	23
2) Master Hotel Supporting Services Agreement	7	7	7
Revenue items:			
1) Master Food and Beverage Services and Provision of Food Agreement	4	4.5	5
2) Master Provision of Hotel Rooms Agreement	27	27	27

B. NEW CONTINUING CONNECTED TRANSACTIONS

Master Property Leasing Agreement

I. Background

Prior to entering into the Master Property Leasing Agreement, certain members of the Group have rented several properties located in Shanghai from certain associates of Jin Jiang International pursuant to the terms of the Leases and the Long Term Leases. The Leases and the Long Term Leases were entered into between the relevant parties on normal commercial terms and in the ordinary and usual course of business of the Group. During the relevant period, the Leases and the Long Term Leases constitute the continuing connected transactions of the Company exempted from independent shareholders' approval requirement since each of the applicable percentage ratios for the Leases and the Long Term Leases calculated on an annual basis is more than 0.1% but less than 5%. As it is contemplated that members of the Group and members of Jin Jiang International Group may from time to time in the future consider entering into new lease arrangements in respect of properties owned by Jin Jiang International Group, in order to systematically organised all the property leasing arrangements between the Group and Jin Jiang International Group for the purposes of Chapter 14A of the Listing Rules, on 23 December 2011, the Company and Jin Jiang International have entered into the Master Property Leasing Agreement. Details of the Master Property Leasing Agreement are set out below.

II. Master Property Leasing Agreement

Date:	23 December 2011
Parties:	(i) Jin Jiang International; and (ii) the Company
Terms:	The Master Property Leasing Agreement will be effective for an initial term of three years until 31 December 2014, unless either party terminates the Master Property Leasing Agreement by 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 will 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 provisions of services as contemplated by the Master Property Leasing Agreement, therefore they do not constitute new categories of connected transactions.</p>
Prices:	<p>Property leasing services must be provided in accordance with the following general pricing principles:</p> <ul style="list-style-type: none">● State-Prescribed Price; or● where there is no State-Prescribed Price, then according to relevant market prices.
Other major terms:	All existing agreements between Jin Jiang International Group and the Group in relation to the Transactions (to the extent which cover the Transactions after the effective date of the Master Property Leasing Agreement) will be deemed as the implementation agreements pursuant to the Master Property Leasing Agreement since the effective date of the Master Property Leasing Agreement.

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

The Directors propose to set the annual caps for the three years ending 31 December 2014 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: the future rental payments agreed between the parties and the expected future figures of utility charges and administrative fees. The Directors (including independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Unit: RMB million

	Proposed annual caps for the relevant period		
	For the year ending 2012	For the year ending 2013	For the year ending 2014
Maximum property leasing service fees payable by the Group under the Master Property Leasing Agreement for the relevant period	30	32	34

Master Electronic Commerce Service Agreement

I. Background

On 23 December 2011, the Company and Jin Jiang International have entered into the Master Electronic Commerce Service Agreement, pursuant to which, Jin Jiang International Group will provide the Electronic Commerce Services to the Group. Details of the Master Electronic Commerce Service Agreement are set out below.

II. Master Electronic Commerce Service Agreement

Date: 23 December 2011

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

Terms: The Master Electronic Commerce Service Agreement will be effective for an initial term of three years until 31 December 2014, unless either party terminates the Master Electronic Commerce Service Agreement by 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 will 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 provisions of services as contemplated by the Master Electronic Commerce Service Agreement, therefore they do not constitute new categories of connected transactions.

Prices: The Electronic Commerce Services must be provided in accordance with the following general pricing principles:

- State-Prescribed Price; or
- where there is no State-Prescribed Price, then according to relevant market prices.

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

The Directors propose to set the annual caps for the three years ending 31 December 2014 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: the estimated amounts of the transaction involved by the Group, the estimated potential growth of the Group and the expected economic growth of China. The Directors (including independent non-executive Directors) consider that the proposed annual caps are fair and reasonable.

Unit: RMB million

	Proposed annual caps for the relevant period		
	For the year ending 2012	For the year ending 2013	For the year ending 2014
Maximum service fees payable by the Group under the Master Electronic Commerce Service Agreement for the relevant period	19	38	50

C. 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 Agreements, and enter into the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement as these transactions will or will continue to facilitate the operation and growth of the Group's business.

The Board (including independent non-executive Directors) considers that the transactions under the Master Agreements, 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 and regular 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 independent non-executive Directors) further considers that, the proposed annual caps for the transactions under the Master Agreements, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement for the three years ending 31 December 2014 are fair and reasonable. Mr. Yu Minliang (being an executive Director), Mr. Shen Maoxing (being the non-executive Director) and Ms. Chen Wenjun (being an executive Director) who also act as the directors or senior managements of Jin Jiang International, have abstained from the voting of the Board in relation to the Master Agreements, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement. No other Directors has a material interest in the transactions conducted under the Master Agreements, the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement.

D. 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 Agreements, 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 ratio for the highest proposed annual cap for each of the three years ending 31 December 2014 for the continuing connected transactions under (a) the Master Agreements; (b) the Master Property Leasing Agreement; and (c) the Master Electronic Commerce Service Agreement are more than 0.1% but less than 5%, in accordance with Rule 14A.34 of the Listing Rules, the continuing connected transactions under these agreements are only subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Listing Rules and are exempted from the independent shareholders' approval requirement.

E. 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.

Jin Jiang International Group are principally engaged in hotel operation and management, travel, passenger transportation, as well as food and beverages.

F. 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 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 of Hong Kong Limited
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Customer Loyalty Programme”	customer loyalty programme named Jin Jiang • Lixiang+ — J Club (錦江 • 禮享+ — J Club), which aims to impress the Group’s customers by the provision of various gifts and attentive cares
“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 platform as well as 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)
“Leases”	the 11 leases entered into between the Group and certain associates of Jin Jiang International, pursuant to which certain associates of Jin Jiang International have leased certain properties to the Group

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Term Leases”	the 2 leases entered into between the Group and certain associates of Jin Jiang International, pursuant to which certain associates of Jin Jiang International have leased certain properties to the Group with a term of 20 years
“Master Agreements”	the Master Food and Beverage Services and Provision of Food Agreement, the Master Hotel Supporting Services Agreement and the Master Provision of Hotel Rooms Agreement
“Master Electronic Commerce Service Agreement”	the master electronic commerce service agreement entered into between the Company and Jin Jiang International
“Master Food and Beverage Services and Provision of Food Agreement”	the master food and beverage services and provision of food agreement entered into between the Company and Jin Jiang International
“Master Hotel Supporting Services Agreement”	the master hotel supporting services agreement entered into between the Company and Jin Jiang International
“Master Property Leasing Agreement”	the master property leasing agreement entered into between the Company and Jin Jiang International
“Master Provision of Hotel Rooms Agreement”	the master provision of hotel rooms agreement 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
“State-Prescribed Price(s)”	for the purposes of the Master Agreements and the Master Property Leasing Agreement and the Master Electronic Commerce Service Agreement, the price set by the relevant laws, regulations and other governmental regulatory documents issued by the relevant PRC government authorities
“subsidiary”	has the same meaning ascribed thereto under the Listing Rules

“Transactions”

all existing and future transactions entered into between members of the Group and members of Jin Jiang International Group arising from property leasing agreements between members of the Group as tenant and members of Jin Jiang International Group as landlord agreed to be undertaken under the Master Property Leasing Agreement

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, 23 December 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”.*