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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 AND CONNECTED TRANSACTION
EQUITY TRANSFER AGREEMENT**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



Reference is made to the announcements of the Company dated 24 September 2013 and 28 October 2013 in relation to the proposed equity transfer of the Company's 45% equity interest in Hua Ting Hotel through an open listing process through SHUAEE.

The Board is pleased to announce that on 1 November 2013, the Company entered into the Equity Transfer Agreement with Jin Jiang Investment, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel, a non-wholly owned subsidiary of the Company, to Jin Jiang Investment at a cash Consideration of RMB901,302,638.46 (equivalent to approximately HK\$1,140,889,415.77). In addition, on 1 November 2013, the Company, Jin Jiang International and Jin Jiang Investment entered into the Guarantee, pursuant to which Jin Jiang International agreed to provide a guarantee in respect of Jin Jiang Investment's payment obligation under the Equity Transfer Agreement. Upon completion of the Equity Transfer Agreement, the Company's equity interest in Hua Ting Hotel shall be reduced from 50% to 5%, and Jin Jiang Investment's equity interest in Hua Ting Hotel shall be increased from 50% to 95%. As such, Hua Ting Hotel will cease to be a subsidiary of the Company.

As the relevant percentage ratio for the transaction under the Equity Transfer Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As Jin Jiang International is the controlling shareholder of the Company, it is also a connected person of the Company and therefore the transaction under the Guarantee also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such connected transaction is exempted from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules as the transaction constitutes a financial assistance provided by a connected person for the benefit of the Company on normal commercial terms where no charge over the assets of the Company is created in respect of the financial assistance.

The Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction under the Equity Transfer Agreement. Each member of the Independent Board Committee does not have any material interest in the transaction under the Equity Transfer Agreement.

A circular containing, among other things, (a) further details of the transaction under the Equity Transfer Agreement; (b) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the transaction under the Equity Transfer Agreement; and (c) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the transaction under the Equity Transfer Agreement, will be despatched to the shareholders in accordance with the Listing Rules on or before 22 November 2013.

Reference is made to the announcements of the Company dated 24 September 2013 and 28 October 2013 in relation to the proposed equity transfer of the Company's 45% equity interest in Hua Ting Hotel through an open listing process through SHUAEE.

THE EQUITY TRANSFER AGREEMENT AND THE GUARANTEE

The Board is pleased to announce that on 1 November 2013, the Company entered into the Equity Transfer Agreement with Jin Jiang Investment, pursuant to which the Company agreed to transfer its 45% equity interest (out of its 50% equity interest) in Hua Ting Hotel, a non-wholly owned subsidiary of the Company, to Jin Jiang Investment at a cash Consideration of RMB901,302,638.46 (equivalent to approximately HK\$1,140,889,415.77).

The principal terms of the Equity Transfer Agreement are as follows:

- (a) Date: 1 November 2013
- (b) Parties: (1) Vendor: the Company
(2) Purchaser: Jin Jiang Investment
- (c) Subject matter: The Company shall transfer its 45% equity interest in Hua Ting Hotel to Jin Jiang Investment. Upon completion of the Equity Transfer Agreement, the Company's equity interest in Hua Ting Hotel shall be reduced from 50% to 5%, and Jin Jiang Investment's equity interest in Hua Ting Hotel shall be increased from 50% to 95%. As such, Hua Ting Hotel will cease to be a subsidiary of the Company.
- (d) Consideration: The equity interest in Hua Ting Hotel was transferred by the Company through an open listing process and a subsequent commercial negotiation conducted through the SHUAEE. The Equity Transfer Agreement was negotiated and entered into on an arm's length basis and on normal commercial terms. Pursuant to the Equity Transfer Agreement, the Consideration is RMB901,302,638.46 (equivalent to approximately HK\$1,140,889,415.77) being the listing price, determined based on the entire equity value of Hua Ting Hotel as at 30 June 2013 valued at RMB2,002,894,752.13 (equivalent to approximately HK\$2,535,423,736.87) according to the asset valuation report dated 22 September 2013 on Hua Ting Hotel prepared by an independent and qualified PRC appraiser, using the asset-based method, adjusted by 45% equity interest in Hua Ting Hotel.

The Consideration shall be paid by Jin Jiang Investment by three instalments. The first instalment in the amount of RMB270,390,791.54 (equivalent to approximately HK\$342,266,824.73), being 30% of the Consideration shall be paid to the bank account designated by SHUAEE within five (5) working days after the date of the Equity Transfer Agreement which shall be transferred to the Company from SHUAEE after issuance of the certificate of equity transfer by SHUAEE. The second instalment in the amount of RMB225,325,659.62 (equivalent to approximately HK\$285,222,353.95), being 25% of the Consideration shall be paid to the bank account designated by the Company before 20 December 2013. The remaining balance of the Consideration in the amount of RMB405,586,187.30 (equivalent to approximately HK\$513,400,237.09) shall be paid to the Company within four (4) months after the date on which the registration of the change in equity interest with the industry and commerce administration authority is completed. Jin Jiang Investment shall pay interest to the Company relating to the second instalment and the remaining balance of the Consideration, for the period between the first instalment payment date and their respective payment dates. Such rate of interest shall be determined according to the loan interest rate stipulated by the People's Bank of China for a loan with the same term. The aggregate interest among payable is expected not to exceed RMB 13,500,000.00 (equivalent to approximately HK\$17,088,607.59).

- (e) Financial information: For the two financial years ended 31 December 2011 and 2012, the audited net profit before taxation of Hua Ting Hotel amounted to RMB8,200,356.63 (equivalent to approximately HK\$10,380,198.27) and RMB1,810,460.31 (equivalent to approximately HK\$2,291,721.91), respectively, and the audited net profit after taxation amounted to RMB6,212,473.64 (equivalent to approximately HK\$7,863,890.68) and RMB1,522,256.73 (equivalent to approximately HK\$1,926,907.25), respectively. The audited net asset value of Hua Ting Hotel as at 30 June 2013 is RMB330,571,019.67 (equivalent to approximately HK\$418,444,328.70). All audited and unaudited financial information of Hua Ting Hotel disclosed in this announcement have been prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.
- (f) Completion: The Equity Transfer Agreement shall be completed upon (i) the registration of the change in equity interest with the industry and commerce administration authority having been completed; (ii) the remaining balance of the Consideration having been paid.

- (g) Effectiveness of the Equity Transfer Agreement: The Equity Transfer Agreement shall become effective after it is approved at an extraordinary general meeting of the Company and the Company has complied with the relevant requirements under the Listing Rules.

In addition, on 1 November 2013, the Company, Jin Jiang International and Jin Jiang Investment entered into the Guarantee, pursuant to which Jin Jiang International agreed to provide a guarantee in respect of Jin Jiang Investment's payment obligation under the Equity Transfer Agreement. In the event that Jin Jiang Investment fails to pay the second instalment and the remaining balance of the Consideration in accordance with the Equity Transfer Agreement, the Company shall be entitled to request Jin Jiang International to undertake its joint liability under the Guarantee whereby Jin Jiang International shall undertake the relevant payment obligation of Jin Jiang Investment under the Equity Transfer Agreement.

REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The transaction under the Equity Transfer Agreement is in line with the strategic planning of the Company and the interests of the Company's shareholders as a whole, improving the Group's assets liquidity and financial positions and optimizing the Group's assets allocation. The Company intends to use the net proceeds from the transaction under the Equity Transfer Agreement as general working capital of the Group.

The Board (other than the independent non-executive Directors) believes that the terms of the Equity Transfer Agreement (including the Consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors will form a view on the transaction under the Equity Transfer Agreement after taking into account the advice from the Independent Financial Adviser, which will be set out in the circular to be despatched to the shareholders of the Company.

The Directors expect that the transfer of the 45% equity interest in Hua Ting Hotel would realize a gain before tax on transfer of approximately RMB260,000,000.00 (equivalent to approximately HK\$329,113,925.05), based on the difference between the Consideration and the net book value attributable to the 45% equity interest in Hua Ting Hotel.

GENERAL INFORMATION

(a) Principal Business Activities

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

Jin Jiang International is one of the largest integrated hotel and travel conglomerates in the PRC. The principal businesses of Jin Jiang International are hotel operation and management, travel, passenger transportation, as well as food and beverages.

Jin Jiang Investment is principally engaged in investment management, equity investment management, industrial investment, investment consulting, corporate marketing planning, property management, real estate consulting and asset management, etc.

Huating Hotel is principally engaged in hotel and related services and owns Shanghai Huating Hotel & Towers, a 5-star hotel located at No.1200, Caoxi North Road, Shanghai, the PRC, which has 773 guest rooms, lounge, restaurants, multi-function rooms, swimming pool, business centre(s), fitness centre(s) and parking lot(s).

(b) Implications under the Listing Rules

As the relevant percentage ratio for the transaction under the Equity Transfer Agreement exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and is subject to reporting and announcement requirements under the Listing Rules. In addition, as Jin Jiang Investment is a subsidiary of Jin Jiang International, the controlling shareholder of the Company, and a substantial shareholder of Hua Ting Hotel, it is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

As Jin Jiang International is the controlling shareholder of the Company, it is also a connected person of the Company and therefore the transaction under the Guarantee also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. However, such connected transaction is exempted from all reporting, announcement and independent shareholders' approval requirements under the Listing Rules pursuant to Rule 14A.65(4) of the Listing Rules as the transaction constitutes a financial assistance provided by a connected person for the benefit of the Company on normal commercial terms where no charge over the assets of the Company is created in respect of the financial assistance.

(c) Independent Board Committee

The Independent Board Committee has been established to advise the Independent Shareholders and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders, in respect of the transaction under the Equity Transfer Agreement. Each member of the Independent Board Committee does not have any material interest in the transaction under the Equity Transfer Agreement.

(d) General

A circular containing, among other things, (a) further details of the transaction under the Equity Transfer Agreement; (b) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders containing its advice on the transaction under the Equity Transfer Agreement; and (c) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the transaction under the Equity Transfer Agreement, will be despatched to the shareholders in accordance with the Listing Rules on or before 22 November 2013.

DEFINITIONS

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

“Board”	The board of Directors
“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
“Consideration”	The total consideration for the transfer of equity interest from the Company to Jin Jiang Investment under the Equity Transfer Agreement
“controlling shareholder”	has the meaning ascribed to such terms under the Listing Rules
“Directors”	The directors of the Company
“Equity Transfer Agreement”	The equity transfer agreement entered into between the Company and Jin Jiang Investment on 1 November 2013
“Group”	The Company and its subsidiaries
“Guarantee”	The guarantee agreement entered into between the Company, Jin Jiang Investment and Jin Jiang International on 1 November 2013
“HK\$”	The lawful currency of the Hong Kong Special Administrative Region of the PRC
“Hua Ting Hotel”	上海華亭賓館有限公司 (Shanghai Hua Ting Hotel and Towers Company Limited), a limited liability company incorporated in the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors, established in respect of the transaction under the Equity Transfer Agreement
“Independent Financial Adviser”	Asian Capital (Corporate Finance) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transaction under the Equity Transfer Agreement
“Independent Shareholders”	the shareholders of the Company, except Jin Jiang Investment and its associates

“Jin Jiang Investment”	上海錦江國際投資管理有限公司 (Shanghai Jin Jiang International Investment and Management Company Limited), which owns a 50% equity interest in Hua Ting Hotel before completion of the transaction under the Equity Transfer Agreement
“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), which is interested in 100% equity interest in Jin Jiang Investment and 75% issued share capital of the Company
“Listing Rules”	The Rules Governing the Listing Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to such terms under the Listing Rules
“RMB”	The lawful currency of China
“SHUAEE”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“%”	per cent

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

Shanghai, China, 1 November 2013

For illustration purposes only, the exchange rate adopted in the announcement was RMB1 to HK\$0.79.

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Chen Wenjun, Mr. Yang Weimin, Mr. Yang Yuanping, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Mr. Sun Dajian, Dr. Rui Mingjie, Mr. Yang Menghua, Dr. Tu Qiyu and Mr. Shen Chengxiang.

* *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”.*