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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)

CONNECTED TRANSACTION
DISPOSAL OF INTEREST IN SHANGHAI NEW GARDEN HOTEL

The Board is pleased to announce that, on 27 May 2014, the Company and Jin Jiang International Northern Company entered into an Asset Transaction Contract, pursuant to which the Company agreed to transfer its 57% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company for a cash consideration of RMB14,674,477.24 (equivalent to approximately HK\$18,453,819.47) by way of negotiated assignment through the SHUAEE. In addition, on the same date, Xinda and Jin Jiang International Northern Company entered into a separate asset transaction contract, pursuant to which Xinda agreed to transfer its 42% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company for a cash consideration of RMB10,812,772.71 (equivalent to approximately HK\$13,597,551.20) by way of negotiated assignment through the SHUAEE. Upon completion of the Asset Transaction Contract, the Company will cease to hold any interest in Shanghai New Garden Hotel.

Jin Jiang International Northern Company is a wholly-owned subsidiary of Jin Jiang International, the Controlling Shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Asset Transaction Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable Percentage Ratios for the transaction under the Asset Transaction Contract exceed 0.1% but are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that, on 27 May 2014, the Company and Jin Jiang International Northern Company entered into an Asset Transaction Contract, pursuant to which the Company agreed to transfer its 57% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company for a cash consideration of RMB14,674,477.24 (equivalent to approximately HK\$18,453,819.47) by way of negotiated assignment through the SHUAEE. In addition, on the same date, Xinda and Jin Jiang International Northern Company entered into a separate asset transaction contract, pursuant to which Xinda agreed to transfer its 42% interest in Shanghai New Garden Hotel to Jin Jiang International

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ASSET TRANSACTION CONTRACT

Major terms of the Asset Transaction Contract between the Company and Jin Jiang International Northern Company are set out as follows:

- (a) Date: 27 May 2014
- (b) Parties: (1) the Company, as vendor
(2) Jin Jiang International Northern Company, as purchaser
- (c) Subject matter: The Company shall transfer 57% interest in Shanghai New Garden Hotel to Jin Jiang International Northern Company. Upon completion of the Asset Transaction Contract, the Company will cease to hold any interest in Shanghai New Garden Hotel.
- (d) Consideration: The interest in Shanghai New Garden Hotel was transferred by the Company by way of negotiated assignment through the SHUAEE. The Asset Transaction Contract has been negotiated and entered into based on arm's length negotiations and on normal commercial terms. Pursuant to the Asset Transaction Contract, the consideration is RMB14,674,477.24 (equivalent to approximately HK\$18,453,819.47), which was determined based on the value of the interest in Shanghai New Garden Hotel as at 31 December 2013 of RMB25,744,696.92 (equivalent to approximately HK\$32,375,121.88), which represented the value of total assets of RMB94,255,396.06 (equivalent to approximately HK\$118,530,427.64) as shown in the enterprise valuation report on Shanghai New Garden Hotel dated 12 March 2014 prepared by an independent and qualified PRC appraiser using the asset-based method less liabilities, adjusted for 57% interest in Shanghai New Garden Hotel.

The full amount of the consideration of RMB14,674,477.24 (equivalent to approximately HK\$18,453,819.47) for such transaction shall be paid by Jin Jiang International Northern Company in one lump-sum to the bank account designated by the Company within three business days from the completion of the registration of the change in ownership with the industry and commerce administration authority.

- (e) Completion: The transaction under the Asset Transaction Contract shall be completed upon: (i) completion of the registration of the change in ownership with the industry and commerce administration authority; and (ii) payment of the consideration.
- (f) Effectiveness of the Asset Transaction Contract: The Asset Transaction Contract shall become effective after it has been signed and sealed by the Company, Jin Jiang International Northern Company, the certified asset broker and the asset brokers' organisation and an asset transaction certificate has been issued by SHUAEE upon its examination and endorsement of such contract with a seal.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSACTION CONTRACT

The conduct of the relevant transaction according to the Asset Transaction Contract is in line with the strategic planning of the Company and the interests of the Company's shareholders as a whole, and will improve the Group's assets liquidity and financial position and optimize the Group's assets allocation. The Company intends to utilize net proceeds received from the transaction under the Asset Transaction Contract as the Group's general working capital.

The Board (including the independent non-executive Directors) is of the view that the terms of the Asset Transaction Contract (including the consideration) are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders as a whole. Executive Directors of the Company, namely Mr. Yu Minliang and Ms. Chen Wenjun, being a director or member of senior management of Jin Jiang International, have abstained from voting at the Board meeting in respect of the Asset Transaction Contract. None of the Directors has a material interest in the transaction to be carried out under the Asset Transaction Contract.

Based on the difference between the consideration and the net book value attributable to 57% interest in Shanghai New Garden Hotel, the Directors expect that the transfer of 57% interest in Shanghai New Garden Hotel would realize a gain before taxation of no less than RMB14,000,000.00 (equivalent to approximately HK\$17,605,633.80).

GENERAL INFORMATION

(1) 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 hotel and tourism conglomerates in the PRC principally engaged in hotel operation and management, tourism, passenger transport and restaurant operation.

Jin Jiang International Northern Company is principally engaged in property management, organization of cultural exchange activities (excluding show performance), project investment, investment management, restaurant management, convention service, exhibition and display services, technology development, and economic information consultancy.

Shanghai New Garden Hotel is principally engaged in hotel operation.

(2) Financial Information

For the financial years ended 31 December 2012 and 2013, the audited net loss before taxation of Shanghai New Garden Hotel amounted to RMB5,762,595.83 (equivalent to approximately HK\$7,246,725.14) and RMB5,209,983.22 (equivalent to approximately HK\$6,551,789.76), respectively, while the audited net loss after taxation amounted to RMB5,762,595.83 (equivalent to approximately HK\$7,246,725.14) and RMB5,209,983.22 (equivalent to approximately HK\$6,551,789.76), respectively. The audited net assets of Shanghai New Garden Hotel as at 31 December 2013 amounted to RMB-22,311,466.42 (equivalent to approximately HK\$-28,057,679.10). All audited and unaudited financial information in connection with Shanghai New Garden Hotel disclosed in the announcement was prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.

(3) Implications under the Listing Rules

Jin Jiang International Northern Company is a wholly-owned subsidiary of Jin Jiang International, the Controlling Shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Asset Transaction Contract constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable Percentage Ratios for the transaction under the Asset Transaction Contract exceed 0.1% but are less than 5%, such transaction is subject to the reporting and announcement requirements but is exempted 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:

“Asset Transaction Contract”	the asset transaction contract regarding the transfer of 57% interest in Shanghai New Garden Hotel entered into between the Company (as vendor) and Jin Jiang International Northern Company (as purchaser) in Shanghai on 27 May 2014
“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 of Hong Kong Limited
“Controlling Shareholder”	has the meaning ascribed to such term under the Listing Rules

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of the Special Administrative Region of Hong Kong of the PRC
“Jin Jiang International”	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), a company which owns 100% equity interest in Jin Jiang International Northern Company and 75% interest in the issued share capital of the Company
“Jin Jiang International Northern Company”	錦江國際集團北方有限公司 (Jin Jiang International Northern Company Limited), a limited liability company incorporated in the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratios”	has the meaning ascribed to such term under Chapters 14 and 14A of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai New Garden Hotel”	上海新苑賓館 (Shanghai New Garden Hotel), a state-owned collective joint venture incorporated in the PRC. Prior to the completion of the transaction under the Asset Transaction Contract, the Company and Xinda hold 57% and 43%, respectively, of the interest in Shanghai New Garden Hotel
“SHUAEE”	Shanghai United Assets and Equity Exchange (上海聯合產權交易所)
“Xinda”	上海鑫達實業總公司 (Shanghai Xinda Industrial Co., Ltd.), a collective ownership enterprise incorporated in the PRC
“%”	percent

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

Shanghai, the PRC, 27 May 2014

For illustration purposes only, the exchange rate adopted in the announcement was RMB0.7952 to HK\$1.

As at the date of this announcement, the executive Directors of the Company 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 of the Company 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 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”.*