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)

(1) MAJOR TRANSACTION ACQUISITION OF 81.0034% EQUITY INTEREST IN KEYSTONE LODGING HOLDINGS LTD.; AND (2) RESUMPTION OF TRADING

The Board is pleased to announce that, on 18 September 2015, (i) Jin Jiang Hotels Development, the Target Company's Majority Shareholders, Mr. Zheng, Mr. He and the Target Company entered into the Majority Shareholders' SPA pursuant to which Jin Jiang Hotels Development has conditionally agreed to acquire and the Target Company's Majority Shareholders have conditionally agreed to dispose 66.8775% of the Target Shares; (ii) Jin Jiang Hotels Development entered into the Minority Shareholders' SPA with each of the Target Company's Minority Shareholders, pursuant to which Jin Jiang Hotels Development has conditionally agreed to acquire and the Target Company's Minority Shareholders have conditionally agreed to dispose in aggregate 14.1259% of the Target Shares; and (iii) Jin Jiang Hotels Development, Retained Shareholders, Mr. Zheng and Mr. He entered into the Shareholders' Agreement to govern certain rights of the shareholders of the Target Company and certain matters in relation to the operation and management of the Target Group.

THE ACQUISITION AGREEMENTS

On the Closing Date, the total consideration payable by the Purchaser to each of the Vendors for the purchase of the Target Shares (to a particular Vendor in question, its "Payment Consideration") is (i) the difference between the enterprise value (being the enterprise value of the Target Company of RMB10.8 billion) and the Closing Amount multiplied by (ii) the Transfer Percentage of the respective Vendor. For illustrative purpose, based on the amount of RMB10,208,674,000 being the difference between the enterprise value of the Target Company and the Net Debts as of 30 June 2015, the aggregate amounts payable to the Vendors for the 81.0034% of the equity interest of the Target Company is RMB8,269,373,030. The abovementioned figures are for reference only and the final consideration to be paid to the Vendors shall be determined based on the Closing Adjustment and the 2015 EBITDA.

If Closing has not occurred by the Termination Date, the Purchaser or any of the Vendors may terminate the Acquisition Agreements by giving written notice to each of the other parties. However, if Closing has not occurred by the Termination Date due to a breach of contract by any party, such party shall not have the right to terminate the Acquisition Agreements.

THE SHAREHOLDERS' AGREEMENT

The Shareholders' Agreement provides for certain rights relating to the shareholders and certain matters relating to the operations and management of the Target Group (e.g. the rights and powers of the shareholders, the composition and rights and powers of the board of directors, and share transfer rights and arrangements). The major provisions of the Shareholders' Agreement on the right to subscribe for or transfer shares are set forth below:

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the Acquisition is expected to exceed 25% but are lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Jin Jiang International is the controlling Shareholder and directly owns 75% of the issued share capital (or 4,174,500,000 domestic shares) of the Company. As no Shareholder has any material interest in the Acquisition, no Shareholder (including Jin Jiang International) would be required to abstain from voting at the general meeting of the Company, if convened, to approve the Acquisition. The Acquisition would accordingly be approved in writing by Jin Jiang International pursuant to Rule 14.44 of the Listing Rules, and no general meeting of the Company is required to be convened.

A Circular containing, among other things, further information of the Acquisition, will be despatched to the Shareholders on or before 13 October 2015.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange is halted with effect from 9:00 a.m. on 18 September 2015 pending the release of this announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 September 2015.

Shareholders and potential investors of the Company should note existence of uncertainties and risks in relation to closing. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.

A. INTRODUCTION

Reference is made to the announcements of the Company dated 8 July 2015, 14 July 2015, 20 July 2015, 27 July 2015, 3 August 2015, 10 August 2015, 17 August 2015, 19 August 2015, 26 August 2015, 2 September 2015, 9 September 2015 and 16 September 2015 in relation to, among other things, a material asset reorganisation of Jin Jiang Hotels Development.

The Board is pleased to announce that, on 18 September 2015, (i) Jin Jiang Hotels Development, the Target Company's Majority Shareholders, Mr. Zheng, Mr. He and the Target Company entered into the Majority Shareholders' SPA pursuant to which Jin Jiang Hotels Development has conditionally agreed to acquire and the Target Company's Majority Shareholders have conditionally agreed to dispose 66.8775% of the Target Shares; (ii) Jin Jiang Hotels Development entered into the Minority Shareholders' SPA with each of the Target Company's Minority Shareholders, pursuant to which Jin Jiang Hotels Development has conditionally agreed to acquire and the Target Company's Minority Shareholders have conditionally agreed to dispose in aggregate 14.1259% of the Target Shares; and (iii) Jin Jiang Hotels Development, Retained Shareholders, Mr. Zheng and Mr. He entered into the Shareholders' Agreement to govern certain rights of the shareholders of the Target Company and certain matters in relation to the operation and management of the Target Group.

B. THE ACQUISITION AGREEMENTS

The major terms of the Acquisition Agreements are summarized below:

Date

18 September 2015

Parties

Majority Shareholders' SPA

Purchaser:	Jin Jiang Hotels Development
Vendors:	Ever Felicitous Limited, Prototal Enterprises Limited (寶全企業有限公司), Happy Boat Lodging Limited, Happy Travel Limited, Keystone Asia Holdings Limited, SCC Growth 2010-Peak Holdco, Ltd., Sequoia Capital Global Growth Fund, L.P. and Sequoia Capital Global Growth Principals Fund, L.P.
Other parties to the transaction:	Mr. Zheng and Mr. He
Target Company:	Keystone Lodging Holdings Limited

Minority Shareholders' SPA

Purchaser:	Jin Jiang Hotels Development
Vendors:	Jaguar Investment Pte Ltd., Ctrip Investment Holding Ltd., Smartech Resources Limited, Chien Lee and Minjian Shi

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Target Company's Majority Shareholders, the Target Company's Minority Shareholders, Mr. Zheng, Mr. He, the Target Company and their respective ultimate beneficial owners are third parties independent of the Group and connected persons of the Group.

Target Assets

Subject to the terms and conditions of the Acquisition Agreements, the Purchaser shall purchase individually (not collectively) from each Vendor, and each Vendor shall individually (not collectively) sell to the Purchaser the following Target Shares free of any encumbrances:

Vendor name	**Transfer Percentage**
Ever Felicitous Limited	4.1700%
Prototal Enterprises Limited (寶全企業有限公司)	11.0100%
Happy Boat Lodging Limited	2.6682%
Happy Travel Limited	11.2037%
Keystone Asia Holdings Limited	22.1303%
SCC Growth 2010-Peak Holdco, Ltd.	9.4172%
Sequoia Capital Global Growth Fund, L.P.	6.1011%
Sequoia Capital Global Growth Principals Fund, L.P.	0.1770%
Jaguar Investment Pte Ltd.	4.3947%
Ctrip Investment Holding Ltd.	4.0023%
Chien Lee	2.8157%
Minjian Shi	1.8302%
Smartech Resources Limited	1.0830%

The total of the aforementioned Target Share accounts for 81.0034% of the issued share capital of the Target Company.

Payment Consideration

On the Closing Date, the total consideration payable by the Purchaser to each of the Vendors for the purchase of the Target Shares (to a particular Vendor in question, its "Payment Consideration") is (i) the difference between the enterprise value (being the enterprise value of the Target Company of RMB10.8 billion) and the Closing Adjustment multiplied by (ii) the Transfer Percentage of the respective Vendor. The Payment Consideration is inclusive of taxes on the transfer of the Target Shares.

The contemplated transaction is a cash acquisition, denominated in RMB and is to be paid in the equivalent amount of US dollars.

Based on the Target Company's audited report and the mutual agreement among the parties to the Acquisition, the amount of the Net Debts as of the reference date of 30 June 2015 is RMB591,326,000.

For illustrative purpose, based on the amount of RMB10,208,674,000 being the difference between the enterprise value of the Target Company and the Net Debts as of 30 June 2015, the aggregate amounts payable to the Vendors for the 81.0034% of the equity interest of the Target Company is RMB8,269,373,030. The abovementioned figures are for reference only and the final consideration to be paid to the Vendors shall be determined based on the Closing Adjustment and the 2015 EBITDA.

Payment Method

After deducting the corresponding Escrow Amount (as defined below), upon Closing, the Purchaser shall remit the consideration (in an equivalent US dollar) to each Vendor in a lump sum by electronic transfer into each Vendor's designated account in writing.

The term "Escrow Amount" means the aggregate amount of the following which will be remitted by the Purchaser to the escrow account of each Vendor under the Acquisition Agreements on the Closing Date: (i) the reserved compensation amount (being 10% of the consideration For Ever Felicitous Limited and Prototal Enterprises Limited (寶全企業有限公司) and 5% of the consideration for the other Vendors; (ii) the Reserved EBITDA Adjustment of such Vendor (if any); and (iii) the estimated transfer taxes on the transfer of shares (if any).

The term of the escrow shall be one year following the Closing Date. Upon expiration of the term, the usable funds in the escrow accounts, namely the Escrow Amounts and the interest accrued thereon minus the following amounts (if any); the adjusted Payment Consideration (for details see the section on the Price Adjustment Mechanism below), the adjusted enterprise value (for details see the section on Enterprise Value Adjustment below), taxes on the sale of the shares, estimated taxes on the sale of the shares, claims and retained funds for outstanding claims, which shall be transferred to the accounts designated by each Vendor.

Price Adjustment Mechanism

(1) Adjustment of Payment Consideration

(a) if the Final Adjustment is lower than the Closing Adjustment, the Purchaser shall pay to the designated bank account of each Vendor a supplemental consideration equivalent to such difference multiplied by the respective Transfer Percentage within three business days of the acknowledgement of the Adjustment Report;

(b) if the Final Adjustment is higher than the Closing Adjustment, the Vendors and the Purchaser shall instruct the escrow agent to pay an amount equivalent to such difference multiplied by the respective Transfer Percentage to the Purchaser from the Escrow Amount in each escrow account, within three business days of the acknowledgement of the Adjustment Report, pursuant to the Acquisition Agreements and the corresponding escrow agreement;

(c) if the 2015 EBITDA is lower than RMB820 million, each Vendor shall refund the Purchaser an amount equal to the (1) EVA (as defined below) calculated under the Acquisition Agreements; (2) multiplied by the respective Transfer Percentage of the Vendors. The Vendors and the Purchaser shall instruct the escrow agent to pay the corresponding amount to the Purchaser from the Escrow Amount in each escrow account, within three business days of the acknowledgement of the Adjustment Report, pursuant to Acquisition Agreements and the corresponding escrow agreement.

(d) after the price adjustment in respect of each Vendor under paragraph (c) above, such Vendor and the Purchaser shall instruct the escrow agent to withdraw from such Vendor's escrow account and pay to such Vendor the balance of the

Reserved EBITDA Adjustment of such Vendor and the Enterprise Value Adjustment that should be borne by such Vendor (if any), pursuant to the Acquisition Agreements and the corresponding escrow agreement.

(2) Enterprise Value Adjustment

If and only if 2015 EBITDA is lower than RMB820 million, the parties agree that the aggregate of the Payment Considerations received by the Vendors shall be deducted pursuant to the adjustment reached by the following formula ("EVA"):

(a) if the 2015 EBITDA is less than RMB820 million but not less than RMB740 million,

$$\text{EVA} = \lfloor [(\text{RMB}820{,}000{,}000 - 2015\ \text{EBITDA}) \times 12] \div 10{,}000 \rfloor \times 10{,}000$$

(b) if the 2015 EBITDA is less than RMB740 million but not less than RMB660 million,

EVA = RMB960 million

(c) if the 2015 EBITDA is less than RMB660 million but not less than RMB580 million,

$$\text{EVA} = \lfloor [(\text{RMB}740{,}000{,}000 - 2015\ \text{EBITDA}) \times 12] \div 10{,}000 \rfloor \times 10{,}000$$

(d) if the 2015 EBITDA is less than RMB580 million,

EVA = RMB1.92 billion

Note: "⌊" and "⌋" represents symbols for absolute numbers

Basis of Consideration

The Acquisition Agreements were negotiated on the basis of fair negotiations and on normal commercial terms. The consideration was determined with reference to the Valuation Report and negotiated by the parties in accordance with the market principle.

As the Valuation Report was prepared on a discounted cash flow basis under the income approach, under Rule 14.61 of the Listing Rules, any valuation based on discounted cash flows will be regarded as a profit forecast. The Company will comply with the requirements of Rule 14.62 of the Listing Rules in the Circular.

Financing Arrangement

The source of the funds for the contemplated transaction shall be bank loans and internal resources.

Closing Conditions

Closing of the Majority Shareholders' SPA is subject to satisfaction of a series of closing conditions, including:

(i) approval of the shareholders' meeting: securing by the Purchaser of approval in the form of a resolution of the shareholders' meeting to execute the Majority Shareholders' SPA and other transaction documents, and to perform and complete the transactions under the Majority Shareholders' SPA and other transaction documents;

(ii) governmental authorizations: all of the following governmental or regulator approvals, consents, authorizations or similar approvals required for the share transfer and the other contemplated transactions under the Majority Shareholders' SPA and the transaction documents shall have been formally secured and be valid at closing:

    (a) the anti-monopoly review of the contemplated transaction by the Anti-monopoly Bureau of the Ministry of Commerce;

    (b) the approval/recordal of the National Development and Reform Commission for offshore investment projects by domestic organizations and the transactions contemplated by the Acquisition Agreement;

    (c) the recordal of the competent PRC commerce authority for offshore investment projects by domestic organizations and the transactions contemplated by the Acquisition Agreement; and

    (d) the approval of the plan for the transactions contemplated by the Majority Shareholders' SPA and recordal of the valuation results in the Valuation Report by the State-Owned Assets Supervision and Administration Commission of Shanghai Municipality or its authorized agency.

(iii) the Target Company obtaining consents from the lenders under the 2014 Loan Agreement to waive the early repayment obligations of the Target Company under the 2014 Loan Agreement as a result of the transactions contemplated under the Acquisition Agreements

The Closing of the Minority Shareholders' SPA shall be conditional, among others, on the Closing of the Majority Shareholders' SPA.

Closing

Closing shall take place in Hong Kong, or at such other time or in such other place as agreed in writing by the Purchaser, the Vendors and the Target Company on the fifth business day after all of the conditions set forth in the closing conditions pursuant to the Acquisition Agreements are satisfied or such conditions have been waived by the parties with the right to do so.

Termination of the Acquisition Agreements

If Closing has not occurred by the Termination Date, the Purchaser or any of the Vendors may terminate the Acquisition Agreements by giving written notice to each of the other parties. However, if Closing has not occurred by the Termination Date due to a breach of contract by any party, such party shall not have the right to terminate the Acquisition Agreements.

C. THE SHAREHOLDERS' AGREEMENT

The Shareholders' Agreement provides certain rights relating to the shareholders and certain matters relating to the operations and management of the Target Group (e.g. the rights and powers of the shareholders, the composition and rights and powers of the board of directors, and share transfer rights and arrangements). The major terms of the Shareholders' Agreement on the rights to subscribe for or transfer shares are set forth below:

Date

18 September 2015

Parties

Shareholders of the Target Company:	Jin Jiang Hotels Development and the Retained Shareholders (i.e. Ever Felicitous Limited, Fortune News International Limited and Prototal Enterprises Limited (寶全企業有限公司))
Other parties to the transaction:	Mr. Zheng and Mr. He Mr. Zheng is the ultimate beneficial owner of Ever Felicitous Limited and Fortune News International Limited, and provides a guarantee for the obligations of Ever Felicitous Limited and Fortune News International Limited under the Shareholders' Agreement and bears joint and several liability therewith. Mr. He is the ultimate beneficial owner of Prototal Enterprises Limited (寶全企業有限公司), and provides a guarantee for the obligations of Prototal Enterprises Limited (寶全企業有限公司) under the Shareholders' Agreement and bears joint and several liability therewith.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Ever Felicitous Limited, Fortune News International Limited, Prototal Enterprises Limited (寶全企業有限公司), Mr. He, Mr. Zheng and their respective ultimate beneficial owners are third parties independent of the Group and connected persons of the Group.

Pre-emptive Subscription Right

Once the shareholders of the Target Company resolve to issue new shares or other securities of the Target Company, the Target Company shall issue the notice to each shareholder of the Target Company, each shareholder of the Target Company shall have the right (but not obligation) to decide at its own discretion whether to subscribe for all or part of the new shares or other securities in proportion to their respective shareholding percentages in the Target Company in accordance with the Shareholders' Agreement.

Share Transfer

Arrangement for the sale of Mr. Zheng's shares

If Mr. Zheng has the intention to sell all or part of the shares of the Target Company held by him to another party ("Mr. Zheng's Sales Shares"), Mr. He shall have the right (but not obligation) to purchase all or part of Mr. Zheng's Sales Shares in accordance with the Shareholders' Agreement; if Mr. He does not or does not completely exercise his right of first refusal, Jin Jiang Hotels Development shall have the right (but not obligation) to purchase all or part of Mr. Zheng's Sales Shares in accordance with the Shareholders' Agreement.

Arrangement for the sale of Mr. He's shares

If Mr. He has the intention to sell all or part of the shares of the Target Company held by him another party ("Mr. He's Sales Shares"), Mr. Zheng shall have the right (but not obligation) to purchase all or part of Mr. He's Sales Shares in accordance with the Shareholders' Agreement; if Mr. Zheng does not or does not completely exercise his right of first refusal, Jin Jiang Hotels Development shall have the right (but not obligation) to purchase all or part of Mr. He's Sales Shares in accordance with the Shareholders' Agreement.

Right of first refusal of major shareholders

If any shareholder, other than Jin Jiang Hotels Development, Mr. Zheng or Mr. He, that holds at least 1 percent of the Target Company (the "Transferring Shareholder") has the intention to sell all or part of the shares of the Target Company held by it to another party (the "Sales Shares"), Jin Jiang Hotels Development, Mr. Zheng and Mr. He shall have the right (but not obligation) to purchase all or part of the Sales Shares in proportion to their respective shareholdings in the Target Company in accordance with the Shareholders' Agreement.

Jin Jiang Hotels Development's lockup period and drag-along right

Within five years (inclusive) after the Closing Date, Jin Jiang Hotels Development shall not sell all or part of its shares in the Target Company to any party. However, subject to the relevant provisions of the Shareholders' Agreement and on the condition that the share transfer shall not change the position of Jin Jiang Hotels Development as the controller, Jin Jiang Hotels Development may sell all or part of its shares to its related parties.

Jin Jiang Hotels Development shall have the right (but not obligation) to sell, after five years after the Closing Date, all of its shares in the Target Company to any buyer that has the intention to acquire all of the shares of the Target Company ("Drag-along Right") in accordance with the Shareholders' Agreement, provided that such proposed sales of shares would be a fair deal in good faith and the valuation of the Target Company by the potential buyer at the closing of such sales would not be less than 150% of the adjusted final consideration under the Acquisition Agreements. In this event, Jin Jiang Hotels Developments shall inform the Target Company and the other shareholders of the Target

Company in writing that it has decided to require the other shareholders to participate in the sale by selling all of their shares on the same terms and conditions as the sale by Jin Jiang Hotels Development and to require them to sell all their shares to the potential buyer mandatory.

Mr. Zheng's and Mr. He's tag-along rights

If Jin Jiang Hotels Development intends to sell its shares to any potential buyer (excluding share transfers within the group of Jin Jiang Hotels Development) (a "Potential Buyer"), Mr. Zheng and Mr. He shall each have the right (but not obligation), in accordance with the Shareholders' Agreement, to require Jin Jiang Hotels Development to sell their shares, within the limit of the shares it proposes to sell, to the Potential Buyer on the same terms and conditions as Jin Jiang Hotels Development according to the proportion of Jin Jiang Hotels Development's and the relevant party's shareholdings in the Target Company ("Tag-along Rights").

Lockup Period and Put Option

Lockup period

Within one year (inclusive) after the Closing Date, Mr. He may not sell all or part of his shares in the Target Company to any party ("Mr. He's Lockup Period"). Within one year (inclusive) after the Closing Date, Mr. Zheng shall not sell all or part of his shares in the Target Company to any party ("Mr. Zheng's Lockup Period").

Put Option

Within the three years (inclusive) following the expiration of Mr. He's Lockup Period, Mr. He shall have the right, on one or two occasions, to sell all or part of his shares in the Target Company to Jin Jiang Hotels Development ("Mr. He's Put Option"). The selling price shall be (i) the percentage of the shareholding of the Target Company held by Mr. He at the time be proposed to exercise Mr. He's Put Option; (ii) multiplied by the amount based on 12 times the EBITDA for the previous fiscal year, and calculated the consideration on the same basis in the Acquisition Agreements, provided that such selling price is not less than the adjusted price per Target Share calculated pursuant to the Acquisition Agreements. If the financial statements have not been confirmed, the right shall be exercised based on the calculation using the draft financial statements and conduct necessary adjustment upon confirmation of the figures in the financial statements. After receipt the written notice from Mr. He for the exercise of the Mr. He's Put Option, all necessary compliance procedures shall be carried out as soon as possible and Jin Jiang Hotels Development shall pay Mr. He in cash to acquire his shares within 5 to 10 working days after the necessary approval has been obtained.

Within the first year (inclusive) following the expiration of Mr. Zheng's Lockup Period, Mr. Zheng shall have the right, on one occasion, to sell to Jin Jiang Hotels Development 20% of the Target Shares he held on the Closing Date; within the second year (inclusive) following the expiration of Mr. Zheng's Lockup Period and within the tenth working days after the issue of accountant's report for the fourth fiscal year, Mr. Zheng shall have the right, on one occasion, to sell to Jin Jiang Hotels Development 30% of the Target Shares he held on the Closing Date; within the fourth year (inclusive) following the expiration of Mr. Zheng's Lockup Period, Mr. Zheng shall have the right, on one occasion, to sell to Jin Jiang Hotels Development 50% of the Target Shares he held on the Closing Date ("Mr.

Zheng's Put Option"). The sales price shall be (i) the percentage of the shareholding of the Target Company held by Mr. Zheng at the time he proposed to exercise Mr. Zheng's Put Option, multiplied by (ii) the multiple derived from dividing Jin Jiang Hotels Development's market price by Jin Jiang Hotels Development's EBITDA or 12 (whichever is greater), multiplied by (iii) the Target Company's EBITDA for the previous fiscal year and calculated the consideration on the same basis in the Acquisition Agreements, provided that such sales price is not less than the adjusted price per Target Share calculated pursuant to the Acquisition Agreements. If the financial statements have not been confirmed, the right shall be exercised based on the calculation using the draft financial statements and necessary adjustment shall be made upon confirmation of the figures in the financial statements. After receipt the written notice from Mr. Zheng for the exercise of the Mr. Zheng's Put Option, all necessary compliance procedures shall be carried out as soon as possible and Jin Jiang Hotels Development shall pay Mr. Zheng in cash to acquire his shares within 5 to 10 working days after the necessary approval has been obtained. When Mr. Zhang exercises his put option for the last time following the expiration of Mr. Zheng's Lockup Period, Mr. Zheng shall use all of the aforementioned consideration amount to purchase shares of Jin Jiang Hotels Development within twenty working days of receiving the same. The lockup period for the shares of Jin Jiang Hotels Development purchased pursuant to such clause shall be two years.

The Company will carry out the necessary compliance approval procedures in accordance the relevant requirements under the Listing Rules when Mr. He and/or Mr. Zheng exercises their respective put options.

D. INFORMATION ON THE VENDORS AND THE TARGET GROUP

Information on the vendors

Prototal Enterprises Limited (寶全企業有限公司)

Prototal Enterprises Limited (寶全企業有限公司), a company incorporated in British Virgin Islands with limited liability, is wholly-owned by Mr. He. Save for the shareholding in the Target Company, Prototal Enterprises Limited (寶全企業有限公司) has no other business activities. Mr. He is the co-chairman of the Target Company.

Ever Felicitous Limited

Ever Felicitous Limited, a company incorporated in British Virgin Islands with limited liability, is owned as to 77.84% by Mr. Zheng, 13.56% by Mr. Yu Chao* (俞超), 6.78% by Mr. Lin Yue Zhou* (林粵舟) and 1.82% by Mr. Jianxiong Liu. Save for the shareholding in the Target Company, Ever Felicitous Limited has no other business activities. Mr. Zheng is the co-chairman of the Target Company.

Happy Boat Lodging Limited

Happy Boat Lodging Limited, a company incorporated in the Republic of Mauritius, is owned as to 27.02% by Actis China 3 "A", L.P., 25.65% by Actis Emerging Markets 3 "C", L.P, 17.30% by Actis Emerging Markets 3 "A", L.P., 15.76% by Actis China 3 L.P., 6.25% by Actis China 3 "S" L.P., 6.07% by Actis Emerging Markets 3, L.P. and 1.94% by Actis Fund 3 Co-Investment Pool. Save for the shareholding in the Target Company, Happy Boat Lodging Limited has no other business activities.

Happy Travel Limited

Happy Travel Limited, a company incorporated in the Republic of Mauritius, is owned as to 44.12% by Actis China 3 "S", L.P., 23.08% by Actis Emerging Markets 3 "C", L.P., 23.08% by Actis Emerging Markets 3 "A", L.P., 5.47% by Actis Emerging Markets 3 L.P., 1.75% by Actis Fund 3 Co-Investment Pool, L.P. and 1.74% by Actis Executive Limited Partnership. Save for the shareholding in the Target Company, Happy Travel Limited has no other business activities.

Keystone Asia Holdings Limited

Keystone Asia Holdings Limited, an exempted company with limited liability incorporated in the Cayman Islands, is owned as to 95.34% by Cap III AIV Cayman, L.P and 4.66% by Cap III Co Investment LP Limited and ultimately controlled by CapIII AIV Cayman LP (a private equity fund established by The Carlyle Group). Save for the shareholding in the Target Company, Keystone Asia Holdings Limited has no other business activities.

SCC Growth 2010-Peak Holdco, Ltd.

SCC Growth 2010-Peak Holdco, Ltd, an exempted company with limited liability incorporated in the Cayman Islands, is owned as to 85.53% by Sequoia Capital China Growth 2010 Fund, L.P., 7.37% by Sequoia Capital China Growth 2010 Principals Fund, L.P. and 7.10% by Sequoia Capital China Growth 2010 Partners Fund, L.P.. Sequoia Capital China Growth 2010 Fund L.P., a private fund established by Sequoia Capital, which business is managed by its general partner (i.e. SC China Growth 2010 Management L.P.). SC China Growth 2010 Management L.P., an exempted limited partnership in Cayman Island, is principally engaged in the investment in growth enterprises (mainly in the PRC) through special vehicle companies. Save for the shareholding in the Target Company, SCC Growth 2010-Peak Holdco, Ltd has no other business activities.

Sequoia Capital Global Growth Fund, L.P.

Sequoia Capital Global Growth Fund, L.P. is an exempted limited partnerships incorporated in Cayman Island and an investment-oriented limited partnership fund which business is managed by its general partner (i.e. Sequoia Capital Global Growth Fund Management L.P.). Save for the shareholding in the Target Company, Sequoia Capital Global Growth Fund, L.P. has no other business activities.

Sequoia Capital Global Growth Principals Fund, L.P.

Sequoia Capital Global Growth Principals Fund, L.P is an exempted limited partnerships incorporated in Cayman Island and an investment-oriented limited partnership fund which business is managed by its general partner (i.e. Sequoia Capital Global Growth Fund Management L.P.). Save for the equity holding in the Target Company, Sequoia Capital Global Growth Principals Fund, L.P. has no other business activities.

Jaguar Investment Pte Ltd.

Jaguar Investment Pte Ltd, an exempted private company incorporated in Singapore with limited liability, is indirect wholly-owned by the Minister for Finance of the Government of Singapore. Jaguar Investment Pte Ltd is principally engaged in investment business.

Ctrip Investment Holding Ltd.

Ctrip Investment Holding Ltd., an exempted company with limited liability incorporated in the Cayman Islands, is indirectly wholly-owned by Ctrip.com International Ltd. Ctrip.com International Ltd. is a company listed on NASDAQ. Ctrip Investment Holding Ltd is principally engaged in equity investment.

Smartech Resources Limited

Smartech Resources Limited, a company incorporated in BVI with limited liability, is wholly-owned by Zhang Qiong. Save for the equity holding in the Target Company, Smartech Resources Limited has no other business activities.

Chien Lee

Mr. Chien Lee is an American.

Minjian Shi

Mr. Minjian Shi is an Australian.

Information on the Target Group

The Target Company is an investment holding company incorporated in the Cayman Islands on 12 December 2012 with limited liability. The Target Group is principally engaged in operating high- to low-end brands in the Select Service Hotels market, including (i) operating budget hotels under the brands of 7 Days, Dao Jia Hotel, IU Hotel and π Hotel; and (ii) operates mid- to up-scale Select Service Hotels under brands such as Portofino, Lavande, James Joyce Coffetel, ZMAX Hotel, Xana Hotelle and H12 (through cooperation arrangement).

As of 30 June 2015, the Target Group manages and operates more than 2,200 hotels of which over 2,000 hotels are operated under the brand of 7 Days and over 60 hotels are operated in the mid- to up-scale hotel segment in major cities in the PRC. The Target Group also expands the business to overseas market.

The Target Group mainly adopts two operating models: leased and operated hotel operations and franchised and managed operations. Leased and operated hotels are hotels managed and operated by the Target Group under its owned brands in leased properties. The Target Group is responsible for the management, operation, daily maintenance of leased and operated hotels, as well as staff recruitment, training and daily management of the hotels, in order to ensure their normal operation. Leased and operated hotels derive their income mainly from the rents of hotel rooms and the provision of food and beverage. As of 30 June 2015, there are 490 leased and operated hotels under the 7 Days brand and one under H12 brand.

Apart from the leased and operated hotel operation, the Target Group grants the franchisees the rights to use the brands and set up the hotels in accordance with models and conventions acceptable to the Target Group. The franchised and managed hotels are classified into managed franchise hotels and standard franchise hotels according to different management fee payment structure as well as different rights and obligations for the investors and the Target Group. The Target Group would receive basic management fees equivalent to a percentage of the operating revenue in respect of the managed franchise hotel, while the Target Group would receive franchise fees equivalent to an amount agreed in the contracts based on the number of hotel rooms in respect of the standard franchise hotel.

The Target Group would assign management teams to manage the daily operations of the managed franchise hotels, including hotel operation, appointment and termination of employment and financial management. While the investor and its authorized representative shall not interfere with the operations of the managed franchise hotels, the managed franchise hotels would bear the staff costs of the management team as its operating expenses. On the other hand, the daily operations, hotel management and staff recruitment of the standard franchise hotel would be undertaken by its relevant investor. The Target Group would be responsible for review and supervision of the operation conditions and environment of the standard franchise hotels in order to ensure compliance with the standard of the Target Group. In addition, the Target Group would provide an internal procurement system to the standard franchise hotels. As of 30 June 2015, the Target Group has 1,796 franchise hotels in operation, among which 1,614 are managed franchise hotels and 182 are standard franchise hotels.

Financial information

Set out below is the audited consolidated financial information of the Target Group prepared in accordance with the China Accounting Standards for Business Enterprise:

	For the year ended 31 December	
	2013	**2014**
	(approximately RMB' million)	*(approximately RMB' million)*
Revenue	1,708.9	3,403.7
Profit before taxation	86.4	415.7
Profit after taxation	32.6	267.0

According to the consolidated financial statements of the Target Group, which has been prepared in accordance with China Accounting Standards for Business Enterprise, as at 30 June 2015, the audited consolidated net asset value of the Target Group was approximately RMB3,310 million.

According to the Valuation Report prepared by the PRC Valuer, the appraised enterprise value of the Target Group was approximately RMB12,274 million and the appraised equity value of the Target Group after deducting minority interest was approximately RMB10,314 million.

Upon completion of the Acquisition, the Target Company will become a subsidiary of the Company and the financial results and position of the Target Company will be consolidated into the financial statements of the Company.

E. REASON FOR AND BENEFIT FOR THE ACQUISITION

The Group is principally engaged in Full Service Hotels operation and management, Select Service Hotel operation and franchising, restaurant operation and other hotel-related businesses.

The Board considers that the reasons and benefit for the Acquisition are as follows:

Strengthening the Group's strategic positioning and continuously advancing the Groups' strategic development plan

The Group will be able to further broaden its strategic geographical presence through the Acquisition. In early 2015, the Group successfully acquired Groupe du Lourve. Groupe du Lourve primarily focused in France and owns over 1,000 hotels across 46 countries in the world. The Group realised its strategic development plan in the international market through such acquisition of Groupe du Lourve. The Acquisition represents another significant step in facilitating the overall global market development plan of the Group and another strategic move to accomplish the Group's regional development plan. The Target Group's operations cover over 300 cities in the PRC and possesses relatively strong presence in the Southern, Central and Southwest regions of the PRC such as Guangzhou, Shenzhen, Changsha, Wuhan, Nanchang and Chengdu, which is complementary to the Group's regional penetration and further strengthen the geographical presence of the Group in the market.

In respect of the brand portfolio, the Group adapts to the changes in consumer needs, seizes new opportunities associated with Select Service Hotels and continues to enhance the varieties of its brands portfolio in order to improve the competitiveness of the Group's brands. The Acquisition, which can further enhance the brand portfolio of the Group, in particular for the mid-to-high scale Select Service Hotels brands, is a strategic measure for the Group's brand development plan.

The Group would be able to develop the market for the Select Service Hotels in terms of the variety of services and the scope of businesses, and further expand the regional presence, accomplish its brand portfolio, diversify the brand segregation and enrich the brands' connotation. The Group's competitiveness in the market will be enhanced while its market leadership and brand influence will be considerably elevated. The Acquisition represents an important step in the Company's marketing and branding strategies and is significant in its strategic planning.

Further expansion of business scale, elevating industry positioning and maintaining its competitive advantage

The Target Group possesses over 2,200 hotels in operation, representing over 210,000 hotel rooms. Upon completion of the Acquisition, the business scale of the Group will be materially increased, its industry positioning and brand influence will be notably elevated, member base will be expanded and resources for the hotel business will be enriched. The economy of scale for the Group's operation will be enhanced and its leading position in the industry will be further escalated.

Realising integration synergy, increasing revenue and reducing operating costs

The Group will benefit from the synergy from the integration as a result of the Acquisition including the expansion of customer base, increase of revenue and reduction of operating costs due to centralised procurement.

The Target Group currently possesses over 92 million members, majority of which are business and leisure travelers from the PRC and overseas. The membership system is one of the competitive advantages of the Target Group. Besides, the Target Group operates its own direct sale channel with centralised reservation system. The number of members of the Group will be considerably raised and sources of revenue will be increased through the Acquisition.

The Acquisition will also facilitate the reduction of the Group's operating costs. Regarding the supply chain, centralised procurement could be applied in areas such as hotel daily supplies, consumables and renovation material. As such, it is expected that the Group's bargaining power will be strengthen and the procurement costs will be lowered.

Introducing innovative mechanism and catering for the needs of the Group's marketing development

Upon the completion of the Acquisition, the Group will continue to support the development of competitive advantages of the Target Group, in particular, in the brand incubation and operations of its mid- to up- scale Select Service Hotels brands. At the same time, the Group will make use of the innovative mechanism and outstanding corporate culture of the Target Group, in order to support the Group's marketing development and deal with the challenges arisen from the transition and growth of the hotel industry.

The Target Group established a set of innovative and flexible market-based mechanisms to develop new brands for the mid- to up- scale Select Service Hotels segment. It adopts a joint investment and cooperation model, in which the Target Group has the controlling stake while the strategic cooperating partners and management teams holds the remaining interests so as to attract the teams who are insightful regarding consumer needs to jointly develop the brands to satisfy the consumer market with different characteristics and needs.

The Directors (including the independent non-executive Directors) believe that the terms of the Acquisition Agreements are fair and reasonable, on normal commercial terms and in the interests of the Shareholders as a whole.

F. IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the Acquisition is expected to exceed 25% but are lower than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Therefore, the Acquisition will be subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Jin Jiang International is the controlling Shareholder and directly owns 75% of the issued share capital (or 4,174,500,000 domestic shares) of the Company. As no Shareholder has any material interest in the Acquisition, no Shareholder (including Jin Jiang International) would be required to abstain from voting at the general meeting of the Company, if convened, to approve the Acquisition. The Acquisition would accordingly be approved in writing by Jin Jiang International pursuant to Rule 14.44 of the Listing Rules, and no general meeting of the Company is required to be convened.

A Circular containing, among other things, further information of the Acquisition, will be despatched to the Shareholders on or before 13 October 2015.

Shareholders and potential investors of the Company should note the existence of uncertainties and risks in relation to Closing. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares.

For other details of the Acquisition, please visit the website of the Shanghai Stock Exchange.

(http://static.sse.com.cn/disclosure/listedinfo/announcement/c/2015-09-19/600754_20150919_6.pdf)

G. RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange is halted with effect from 9:00 a.m. on 18 September 2015 pending the release of this announcement. An application will be made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 21 September 2015.

H. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"2014 Loan Agreement"	the facility agreement entered into by and between the relevant subsidiaries of the Target Company and an overseas syndicate led, among others, by Taipei Fubon Commercial Bank, Cathay United Bank and Nomura International with a loan facility of US$300,000,000 as well as the related agreements and documents thereunder
"2015 EBITDA"	the EBITDA of the Target Company based on the audited consolidated financial statements for the 12 months ending 31 December 2015
"7 Days Group"	7 Days Group Holding Limited and its subsidiaries
"Acquisition"	the acquisition of an aggregate of 81.0034% of the Target Shares by Jin Jiang Hotels Development from the Vendors pursuant to the Acquisition Agreements
"Acquisition Agreements"	the Majority Shareholders' SPA and/or the Minority Shareholders' SPA (as the case maybe)
"Adjustment Report"	the report to be provided by the Purchaser to the Vendors within sixty (60) days of the later of (1) the Closing Date; and (2) 31 March 2016 for the calculation of the Final Adjustment and 2015 EBITDA
"Board"	the board of directors of the Company

"business day"	a day (which for the purpose of the Acquisition Agreements ends at 5:30 pm local time) on which banks are open for commercial business in the USA, the United Kingdom, Hong Kong and the PRC other than Saturdays, Sundays and public holidays in USA, UK, Hong Kong and the PRC
"Circular"	the circular to be issued by the Company to the Shareholders as required under the Listing Rules in respect of the Acquisition
"closing"	the closing of the Acquisition
"Closing Date"	the date of closing
"Closing Adjustment"	the Net Debts as set out in the management account of the Target Company as at the last day of the month immediately preceding the Closing Date mutually agreed by the Purchaser and the Target Company's Majority Shareholders. In the event that the Purchaser and the Target Company's Majority Shareholders cannot agree on the aforesaid Net Debts before the Closing Date, it represents the Net Debts as set out in the management account of the Target Company as at the last day of the quarter immediately preceding the Closing Date
"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
"Directors"	the directors of the Company
"EBITDA"	as defined under the Acquisition Agreements
"Estimated EBITDA"	(i) the EBITDA of the Target Company based on the management account of the Target Company for the year ending 31 December 2015 to be issued before the Closing Date if the Closing Date is on or before 31 January 2016; or (ii) the EBITDA of the Target Company for the year ended 31 December 2015 if the Closing Date is on or after 1 February 2016
"Final Adjustment"	the Net Debts based on the consolidated balance sheet of the Target Company as at the Closing Date and subject to the adjustment mechanism in the Acquisition Agreements
"Full Service Hotels"	hotels which are based on comprehensive hotel functions and facilities, and provide all-rounded quality services for guests
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of the Special Administrative Region of Hong Kong of the PRC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Jin Jiang Hotels Development" or "Purchaser"	Shanghai Jin Jiang International Hotels Development Company Limited, which is a joint stock limited company incorporated in the PRC with its A shares and B shares listed on the Shanghai Stock Exchange and a subsidiary of the Company
"Jin Jiang International"	錦江國際(集團)有限公司 (Jin Jiang International Holdings Company Limited), which is the controlling shareholder of the Company and owns a 75% shareholding interest in the issued share capital of the Company
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended and modified from time to time
"Majority Shareholders'SPA"	The sale and purchase agreement dated 18 September 2015 entered into amongst Jin Jiang Hotels Development, the Target Company's Majority Shareholders, Mr. Zheng, Mr. He and the Target Company in relation to the Acquisition
"Minority Shareholders' SPA"	the sale and purchase agreements dated 18 September 2015 entered into amongst Jin Jiang Hotels Development and each of the the Target Company's Minority Shareholders in relation to the Acquisition
"Mr. He"	Mr. He Boquan (何伯權先生)
"Mr. Zheng"	Mr. Zheng Nanyan (鄭南雁先生)
"Net Debts"	as defined under the Acquisition Agreements
"percentage ratios"	has the meaning ascribed to such term under the Listing Rules
"PRC"	the People's Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Valuer"	Orient Appraisal Co., Ltd. (上海東洲資產評估有限公司)
"Reserved EBITDA Adjustment"	the amount to be deposited in the escrow account upon the Closing Date to be calculated based on the Estimated EBITDA
"Retained Shareholders"	Ever Felicitous Limited, Fortune News International Limited and Prototal Enterprises Limited (寶全企業有限公司), together holding the remaining 18.9966% equity interest of the Target Company
"RMB"	Renminbi, the lawful currency of the PRC
"Select Service Hotels"	hotels providing guests with basic professional services which are suitable for mass consumption with emphasis on the core function of accommodation
"Shareholders"	the shareholders of the Company

"Shareholders' Agreement"	the shareholders' agreement dated 18 September 2015 entered into amongst Jin Jiang Hotels Development, the Retained Shareholders, Mr. Zheng, Mr. He and the Target Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Keystone Lodging Holdings Limited., an exempted company registered in the Cayman Islands
"Target Company's Majority Shareholders"	Prototal Enterprises Limited (寶全企業有限公司), Ever Felicitous Limited, Keystone Asia Holdings Limited, SCC Growth 2010-Peak Holdco, Ltd., Sequoia Capital Global Growth Fund, L.P., Sequoia Capital Global Growth Principals Fund, L.P., Happy Travel Limited and Happy Boat Lodging Limited
"Target Company's Minority Shareholders"	Jaguar Investment Pte Ltd., Ctrip Investment Holding Ltd., Smartech Resources Limited, Chien Lee and Minjian Shi
"Target Group"	the Target Company and its subsidiaries
"Target Shares"	the shares of the Target Company
"Termination Date"	being 6 months from the date of the Acquisition Agreements or later dates as agreed by the Purchaser, the Vendors and the Target Company in writing
"Transfer Percentage"	being the Target Shares disposed by each Vendor as a percentage of the total issued Target Shares pursuant to the Acquisition Agreements in respect of each Vendor
"Valuation Report"	the valuation report on the Target Group prepared by the PRC Valuer dated 18 September 2015
"Vendors"	the Target Company's Majority Shareholders and/or the Target Company's Minority Shareholders (as the case maybe)

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

Shanghai, the PRC, 18 September 2015

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Ms. Chen Wenjun, Mr. Shao Xiaoming, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Dr. Rui Mingjie, Mr. Yang Menghua, Mr. Sun Dajian, 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**".*