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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)

ANNOUNCEMENT
CONNECTED TRANSACTION
ACQUISITION OF 30% EQUITY INTERESTS IN
SHANGHAI XINTIANTIAN COLD LOGISTICS CO., LTD
BY JIN JIANG INVESTMENT

The Board is pleased to announce that, on 11 August 2016, Jin Jiang Investment, a subsidiary of the Company, entered into the Equity Transfer Agreement with Mitsui & Co. and Mitsui China. Pursuant to such agreement, Jin Jiang Investment agreed to acquire 17.5% equity interests in XTT held by Mitsui & Co. at a consideration of RMB4,270,000 and acquire 12.5% equity interests in XTT held by Mitsui China at a consideration of RMB3,050,000. Upon completion of the acquisition of such equity interests, Jin Jiang Investment will directly and indirectly hold an aggregate of 63% equity interests in XTT, and XTT will become a non-wholly owned subsidiary of the Company.

Jin Jiang International, the controlling shareholder of the Company, is a substantial shareholder of XTT holding 37% equity interests in XTT. Meanwhile, Jin Jiang International is also a controller of the Company as defined under Chapter 14A of the Listing Rules. Therefore, in accordance with Rule 14A.28 of the Listing Rules, the acquisition of equity interests in XTT by the Group from independent third parties constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transactions under the Equity Transfer Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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EQUITY TRANSFER AGREEMENT

The major terms of the Equity Transfer Agreement entered into between Jin Jiang Investment, Mitsui & Co. and Mitsui China are as follows:

- (a) **Date:** 11 August 2016
- (b) **Parties:** (1) Vendors: Mitsui & Co. and Mitsui China
(2) Purchaser: Jin Jiang Investment
- (c) **Subject matter:** Jin Jiang Investment agreed to acquire 17.5% equity interests in XTT held by Mitsui & Co. and 12.5% equity interests in XTT held by Mitsui China. Upon completion of the acquisition of such equity interests, Jin Jiang Investment will directly and indirectly hold an aggregate of 63% equity interests in XTT, XTT will become a non-wholly owned subsidiary of the Company, and its financial results will be consolidated into the accounts of the Company.
- (d) **Consideration:** The Equity Transfer Agreement has been negotiated and entered into based on arm's length negotiations and on normal commercial terms. Pursuant to the Equity Transfer Agreement, the total consideration for the equity transfer is RMB7,320,000, comprising the consideration of RMB4,270,000 for acquiring 17.5% equity interests in XTT held by Mitsui & Co. and the consideration of RMB3,050,000 for acquiring 12.5% equity interests in XTT held by Mitsui China. Jin Jiang Investment shall cause the total consideration (less income tax) for the equity transfer to be transferred in RMB in one lump-sum into accounts designated by Mitsui & Co. and Mitsui China respectively within 5 business days following the closing of the transfer of equity interests and the grant of authorisations, approval and filing by relevant government authorities (including the administration of industry and commerce, competent tax authorities and department of foreign exchange).

The amount of consideration has been determined through arm's length negotiations between the parties with reference to the valuation of approximately RMB43,983,200 of the entire shareholders' interests of XTT as at 31 March 2016 (the valuation benchmark date) indicated in the valuation report dated 15 May 2016 prepared by an independent and qualified PRC appraiser using the asset-based method.

- (e) Conditions precedent:** The closing of the equity transfer shall take place on the fifth (5th) business day after the fulfilment or waiver by parties entitled to waive as such of the following conditions:
- (1) representations and warranties made by the parties being true and accurate as at the date of execution and the closing date of the Equity Transfer Agreement;
 - (2) all authorisations, approvals and filings set out below having been obtained from and/or completed with the approving authorities:
 - (i) resolutions approving the equity transfer having been passed by respective competent internal bodies of the parties;
 - (ii) the transactions having been approved by competent state-owned assets management department;
 - (iii) a valuation on the equity interests to be transferred having been furnished by the qualified state-owned assets appraiser and the valuation result with an appraised value not lower than the transfer consideration having been filed with competent state-owned assets management department;
 - (iv) the transactions having been approved by competent transportation management department; and
 - (v) the transactions under the Equity Transfer Agreement having been approved by competent approval authorities for commercial matters;
 - (3) no laws or government orders that might render illegal or otherwise restrict and prohibit transactions under the Equity Transfer Agreement having been drafted, announced, enacted, implemented or adopted by any government authorities;
 - (4) all parties having fulfilled and complied with all covenants, obligations and conditions under the Equity Transfer Agreement which are to be fulfilled or complied with on or before the closing date.
- (f) Effectiveness of the Equity Transfer Agreement:** The Equity Transfer Agreement shall be effective from the date of its execution. The transfer of equity interests under the Equity Transfer Agreement shall be effective from the date of obtaining the approval from departments of commerce.

REASONS FOR ENTERING INTO THE EQUITY TRANSFER AGREEMENT

Jin Jiang Investment will use own funds as the funding resources for the said acquisition of equity interests. Upon completion of the acquisition of 30% equity interests in XTT, Jin Jiang Investment will directly and indirectly own an aggregate of 63% equity interests in XTT. The said acquisition of equity interest will be conducive to the further consolidation of cold logistics resources of Jin Jiang Investment and the creation of a complete logistics business chain, which will enhance Jin Jiang Investment's core competitiveness.

The Board (including the independent non-executive Directors) is of the view 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. None of the Directors has a material interest in the transactions to be carried out under the Equity Transfer Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the vendors and their ultimate beneficial owners are independent third parties.

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, passenger transport logistic services, tourism intermediary businesses, etc..

Jin Jiang Investment is principally engaged in vehicle services, logistics services (storage, loading/unloading, processing, packaging, distribution (under construction) and relevant information processing services and related consultation services for general goods; provision of management and consultation services for supply chains, storage, transportation, stock inventory and purchase orders, development and technical services of computer software (subject to permits for operation where a license is required); domestic freight transportation agency services, international freight transportation agency services, tourist services (other than hospitality businesses of travel agencies), business services, hotels, property management, lease of office premises, real estate development and operation, and the provision of shopping mall premises.

Mitsui & Co. is principally engaged in iron and steel products, metal resources, infrastructure projects, mechanical and transportation systems, chemicals, energy, food, distribution, medical care, consumer related services, information and communication technology (ICT) businesses, corporate development, etc..

Mitsui China is principally engaged in investments in industries encouraged and permitted by the PRC government, including iron and steel, metallurgy and non-ferrous metal, mechanical and electrical equipment, chemicals, energy, building materials, light industry, foodstuff and oil, apparel and fibre, transportation and the information industry. Mitsui China is wholly owned by Mitsui & Co.

XTT is principally engaged in cold logistics and distribution business, providing storage and distribution services mainly for refrigerated commodities of food companies, hypermarkets and supermarkets, restaurant operators, star-rated hotels and manufacturers of dairy products and biochemical products, while also serving as the food logistics and distribution service provider for numerous major hosting events in

Shanghai and a well-known international leisure tourism operator in Shanghai. As at the date of this announcement, the equity interests of XTT are held as to 37% by Jin Jiang International, the controlling shareholder of the Company, 33% by Shanghai Jin Jiang International Cold Logistics Development Co., Ltd., a subsidiary of Jin Jiang Investment, 17.5% by Mitsui & Co. and 12.5% by Mitsui China.

(2) Financial Information

For the financial year ended 31 December 2015, the audited net profit before taxation of XTT amounted to approximately RMB23,962 and audited net profit after taxation of XTT amounted to approximately RMB23,962. For the financial year ended 31 December 2014, the audited net loss before taxation of XTT amounted to approximately RMB702,197 and audited net profit after taxation of XTT amounted to approximately RMB702,197. The audited net assets of XTT as at 31 December 2015 amounted to approximately RMB46,427,251. All audited financial data relating to XTT disclosed in this announcement has been prepared in accordance with the PRC Accounting Standards for Business Enterprises.

(3) Implications under the Listing Rules

Jin Jiang International, the controlling shareholder of the Company, is a substantial shareholder of XTT holding 37% equity interests in XTT. Meanwhile, Jin Jiang International is also a controller of the Company as defined under Chapter 14A of the Listing Rules. Therefore, in accordance with Rule 14A.28 of the Listing Rules, the acquisition of equity interests in XTT by the Group from independent third parties constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios for the transactions under the Equity Transfer Agreement exceed 0.1% but are less than 5%, such transactions are subject to the reporting and announcement requirements but are 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:

“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 thereto under the Listing Rules
“controller”	has the meaning ascribed thereto under Chapter 14A of the Listing Rules
“Directors”	the directors of the Company

“Equity Transfer Agreement”	“Agreement in Relation to the Transfer of Equity Interests in Shanghai Xintiantian Cold Logistics Co., Ltd” (《上海新天天低溫物流有限公司股權轉讓協議》) entered into between Jin Jiang Investment, a subsidiary of the Company, Mitsui & Co. and Mitsui China on 11 August 2016
“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), the controlling shareholder of the Company owning 75% interests in the issued share capital of the Company
“Jin Jiang Investment”	上海錦江國際實業投資股份有限公司 (Shanghai Jin Jiang International Industrial Investment Company Limited), a joint stock limited company established in the PRC, the A shares and B shares of which are listed on the Shanghai Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mitsui & Co.”	Mitsui & Co., Ltd. (三井物產株式會社), a company incorporated in Japan
“Mitsui China”	Mitsui & Co. (China) Ltd. (三井物產(中國)有限公司), a limited liability company incorporated in the PRC
“percentage ratios”	has the meaning ascribed thereto under Chapters 14 and 14A of the Listing Rules
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“XTT”	上海新天天低溫物流有限公司 (Shanghai Xintiantian Cold Logistics Co., Ltd), a limited liability company incorporated in Shanghai, the PRC
“%”	per cent

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

Shanghai, the PRC, 11 August 2016

As at the date of this announcement, the executive Directors are Mr. Yu Minliang, Ms. Guo Lijuan, Mr. Chen Liming, Mr. Zhang Qian, Mr. Han Min and Mr. Kang Ming, and the independent non-executive Directors are Mr. Ji Gang, Dr. Rui Mingjie, Dr. Tu Qiyu, Dr. Xu Jianxin, Mr. Xie Hongbing and Dr. He Jianmin.

* *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**”.*