

**[For Immediate Release]**



## **Jin Jiang Hotels Announces 2010 Interim Results**

**Revenue surged 82% to RMB2.762 billion  
Operating profit after excluding other income turned  
profitability to RMB152 million**

(29 August 2010 — Hong Kong) — Shanghai Jin Jiang International Hotels (Group) Company Limited ("Jin Jiang Hotels"; together with its subsidiaries, the "Group"; stock code : 02006), a leading hotel operator and manager in China, announced its interim results for the six months ended 30 June 2010 (the "Period").

During the Period, The Group's revenue amounted to approximately RMB2,762,358,000, which represented an 81.9% increase over the same period last year. The increase was mainly attributable to the increase in revenue from the Group's Star-rated Hotels and Budget Hotels, as well as the proportionate consolidation of 50% revenue of Interstate Hotels & Resorts, Inc. ("IHR Group") into the Group's financial statement, following the acquisition of such jointly controlled entity since 18 March 2010. Operating profit after excluding other income amounted to RMB151,539,000, representing an increase of RMB161,759,000 as compared to the same period of 2009, mainly due to the substantial increase in revenue generated from star-rated hotels and budget hotels. Profit attributable to the shareholders of the Company grew 8.8% to RMB118,129,000.

During the Period, earnings per share were RMB2.59 cents (1H 2009: RMB2.38 cents). The Directors do not recommend the payment of interim dividend for the six months ended 30 June 2010 (1H 2009: Nil).

Commenting on its 2010 interim results, Mr. Yang Weimin, Chief Executive Officer of Jin Jiang Hotels, said, "Thanks to the Shanghai World Expo, Shanghai hotel industry continued to experience relatively notable recovery. During the period, RevPAR of the Group's Star-rated Hotels in Shanghai increased by approximately 55% and by approximately 130% in May and June, as compared to the corresponding periods last year. RevPAR of the Group's Budget Hotels in Shanghai rose approximately 28% to approximately RMB200 and approximately 60% to RMB269 in May and June, as compared to the corresponding periods last year. As the Group actively seized business opportunities arising from the Shanghai World Expo, seven Star-rated hotels under the Group were designated to provide accommodation for domestic distinguished guests of the Shanghai World Expo, while 12 Star-rated hotels and 26 Jin Jiang Inn Budget Hotels were designated as participation hotels of the Shanghai World Expo. During the period, the Group received the "Hotels China Award 2010, Hotel Corporate Top 10" awarded by the Chinese edition of the US HOTELS magazine."

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### Star-rated Hotel

Star-rated Hotel business is the major source of revenue for the Group and Shanghai is the base of the Group's business where over 80% of our self-managed star-rated hotels are located. During the Period, Star-rated hotel operation and management contributed approximately RMB1,213,267,000 to the Group's revenue, representing an increase of 34.5%. The accommodation revenue of Star-rated Hotels was approximately RMB623,159,000, representing a substantial increase of 50.4% over the same period in 2009. The growth was attributable to the significant improvements in the average occupancy rate and average daily room rate because of the opening of the Shanghai World Expo. The overall refurbishment of Peace Hotel has been fully completed and the hotel has been reopened since 28 July 2010. Y.M.C.A Hotel commenced soft operation in February 2010 as the first Commercial Hotel under the new brand name of "Marvel". The renovated Y.M.C.A Hotel features 142 hotel rooms and a 24-hour restaurant. Renovation of the guest rooms of Jin Jiang Hotel and Jin Jiang Tower have been completed, the renovation has resulted in significant improvements in guest-room facilities.

As at 30 June 2010, the Group owned and managed 109 Star-rated hotels with a total of 33,000 guest rooms, of which 77 hotels were managed by third-parties other than Jin Jiang International.

For online sales, development of the Jin Jiang Central Reservation System ("JREZ") continued during the Period with efforts to expand channels for centralised reservations. Bookings through JREZ for about 67,000 room nights were received, representing a 68% increase over the same period last year. Referrals through the international distribution system and the global distribution system accounted for 63% of the patrons.

### Budget Hotels

Budget Hotels represents another principal operation of the Group's business development. Jin Jiang Inn Budget Hotels reported a fast growth in turnover during the Period, contributing approximately RMB737,810,000 to the Group's revenue, representing a 37.3% growth over the same period last year and accounting for 26.7% of the Group's turnover. Initial and ongoing franchise fees income amounted to approximately RMB50,335,000, representing an increase of 38.4%.

During the Period, Jin Jiang Inn entered into new agreements for the development of 16 self-managed hotels and 50 franchised hotels. As at 30 June 2010, a total of 505 Jin Jiang Inn Budget Hotels were either in operation or under development (including 38 Bestay Hotels Express), offering over 63,000 guest rooms. During the Period, 36 new Jin Jiang Inn Budget Hotels commenced operations, among which 11 were self-managed hotels and 25 were franchised hotels. As at 30 June 2010, there were 369 Jin Jiang Inn Budget Hotels in operation.

### Food and Restaurant Operation

During the Period, the Group's various brands of restaurant chains held through Jin Jiang Hotels Development continued to report stable growth. As at 30 June 2010, Shanghai KFC had a total of 260 outlets, 14 outlets more than that as at the end of 2009, recording a steady growth in revenue and profit and maintaining its leading position in Shanghai's fast food industry. New Asia Snacks, Shanghai Yoshinoya and Jing An Bakery had 56, 19 and 65 outlets respectively. Chinoise Story operated two restaurants at Jin Jiang Hotel and Wuhan Jin Jiang International Hotel respectively.

### Overseas Hotel

On 18 March 2010, Hotel Acquisition Company, LLC ("HAC"), the joint venture jointly established by the Group and Thayer Group, acquired the entire equity interests in IHR Group. Upon the completion, the Company indirectly owns 50% equity interests in IHR Group through HAC. During the Period, IHR and its affiliates managed and/or owned interests in 232 hotel properties located variously in 36 states and the District of Columbia of the United States, Russia, India, Mexico, Belgium, Canada, Ireland and England, supplying over 46,000 guest rooms in aggregate. IHR Group contributed to the Group operating revenue equivalent to approximately RMB699,788,000 for the period from 18 March 2010 (date of acquisition of IHR Group) to 30 June 2010, including hotel operation revenue equivalent to approximately RMB79,487,000, hotel management revenue equivalent to approximately RMB51,271,000, and other revenue from managed properties equivalent to approximately RMB569,030,000. IHR Group reported an ADR of US\$102 and average Occupancy Rate of 67.3% for its owned hotels. IHR Group reported higher Occupancy Rate but lower ADR as compared to the same period last year, while its RevPAR was basically the same as compared to the same period last year.

On 1 April 2010, Shanghai Jin Jiang International Hotels Group (HK) Co., Ltd. entered into a hotel management joint venture agreement with Interstate Europe S.A.R.L., an indirect wholly-owned subsidiary of IHR, in respect of the establishment of a joint venture hotel management company. On the same day, the Company entered into an equity investment management company joint venture contract with Thayer International Capital LLC (a company controlled by or affiliated with Thayer) in respect of the establishment of an equity investment management company; a non-legally binding industrial fund memorandum with Thayer in respect of the joint establishment of a fund; and a training plan memorandum with IHR and Thayer.

The Group entered into a share transfer agreement with its controlling shareholder Jin Jiang International on 13 August 2010 to acquire equity interests in Jin Jiang Investment and Jin Jiang Travel. The cash consideration for the acquisition will be funded by internal resources of the Group and financing. Upon successful completion of the acquisition, the Group will become the controlling shareholder of these two companies, which will help to build a listed flagship platform and extend its hotel and tourism business chain, foster synergies in operation and explore new business models.

Mr. Yang concluded, "The Shanghai World Expo 2010 will attract increasing attention as it continues. The Group has seized every business opportunity to benefit from the Expo. In addition, the Group has successfully acquired IHR Group and will acquire tourism and passenger transportation services operation from its parent company in order to integrate and strengthen the Group's business. We will provide comprehensive services to travelers through this all-rounded passenger services platform, in order to bring the synergies of the various business segments into full play, enhance the brand influence of "Jinjiang" and propel its business growth, with a view to developing into a leading hotel operator and manager in China with international competitiveness."

## **About Jin Jiang Hotels**

Shanghai Jin Jiang International Hotels (Group) Company Limited is one of the leading hotel operators and managers in China. The Group is licensed to use the well-regarded "Jin Jiang" brand. Currently, over 600 hotels are under operation and development, including star-rated hotels and Jin Jiang Inn Budget Hotels, providing nearly 97,000 rooms in aggregate. With a solid home base in Shanghai and Beijing, the Group has also successfully spanned its hotel network across more than 140 cities and towns in 31 provinces, autonomous regions and municipalities throughout the PRC as of end of June 2010. In June 2009, the Group was ranked the 13th in the world in terms of number of rooms according to HOTELS Magazine, the official publication of the International Hotel & Restaurant Association.

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