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Jinmao Hotel

金茂酒店

(As constituted pursuant to a deed of trust on 13 June 2014 under the laws of Hong Kong, the trustee of which is Jinmao (China) Investments Manager Limited)

and

Jinmao (China) Hotel Investments and Management Limited

金茂（中國）酒店投資管理有限公司

(Registered in the Cayman Islands with limited liability)

(Stock Code: 06139)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE FRAMEWORK HOTEL AND APARTMENT
MANAGEMENT SERVICES AGREEMENT**

On 7 December 2018, the Company entered into the Framework Hotel and Apartment Management Services Agreement with China Jinmao, pursuant to which the Company agreed to provide the Hotel and Apartment Management Services to members of the China Jinmao Group for the period from 7 December 2018 to 31 December 2020.

China Jinmao is the controlling holder of the Share Stapled Units, and is therefore a connected person of the Company under the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the transactions under the Framework Hotel and Apartment Management Services Agreement is more than 0.1% but less than 5%, the transactions under the Framework Hotel and Apartment Management Services Agreement are only subject to the announcement and reporting requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 7 December 2018, the Company entered into the Framework Hotel and Apartment Management Services Agreement with China Jinmao, pursuant to which the Company agreed to provide the Hotel and Apartment Management Services to members of the China Jinmao Group, for the period from 7 December 2018 to 31 December 2020.

THE FRAMEWORK HOTEL AND APARTMENT MANAGEMENT SERVICES AGREEMENT

- Date:** 7 December 2018
- Parties:** (a) the Company; and
(b) China Jinmao.
- Subject matter:** The Company has agreed to provide certain management services (the “**Hotel and Apartment Management Services**”) in relation to hotels and apartments of the China Jinmao Group, which mainly include (i) management of the functional areas and facilities in respect of guest rooms, catering, recreation etc.; (ii) marketing services; (iii) human resources services; (iv) booking and reservation services; (v) security services; and (vi) other services that might be required for the operation of hotels and apartments by China Jinmao.
- Under the Framework Hotel and Apartment Management Services Agreement, members of the Group and members of the China Jinmao Group will enter into separate agreements in relation to the provision of the Hotel and Apartment Management Services (the “**Hotel and Apartment Management Services Agreement**”). The duration of each Hotel and Apartment Management Services Agreement shall be subject to the term of the Framework Hotel and Apartment Management Services Agreement.
- The transactions under the Framework Hotel and Apartment Management Services Agreement are in the ordinary and usual course of business of the Group.
- Term:** From 7 December 2018 to 31 December 2020
- Consideration and payment terms:** The management fees to be paid to the Company under each individual Hotel and Apartment Management Services Agreement primarily include (i) a base management fee equivalent to 2% of the total operating revenue, (ii) an incentive management fee based on the gross operating profits and calculated on a tier basis, (iii) labour dispatch expenses, (iv) a marketing fee equivalent to 1% of the total operating revenue, and (v) room reservation service and other fees agreed separately.

The caps of the maximum aggregate amounts payable under the Framework Hotel and Apartment Management Services Agreement are set out below:

	From 7 December 2018 to 31 December 2018	From 1 January 2019 to 31 December 2019	From 1 January 2020 to 31 December 2020
Annual caps	RMB1.20 million	RMB3.65 million	RMB12.05 million

The consideration is determined after arm's length negotiations and on terms no more favourable than those offered by the Company to other independent third parties and is estimated with reference to (i) the nature of the transactions; (ii) the anticipated demand for the customised Hotel and Apartment Management Services by China Jinmao; and (iii) the prevailing market prices for relevant customised hotel and apartment management services. When deciding the market prices for relevant customised hotel and apartment management services, the management of the Company will, to the extent practicable, take into account the rates of at least two similar and comparable transactions entered with or carried out by independent third parties for reference or obtain quotations from at least two independent third parties for providing similar management services.

INFORMATION IN RELATION TO THE GROUP AND CHINA JINMAO

The Group

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. The Group primarily owns and invests in a portfolio of hotels with diversified revenue sources and customer mix from a portfolio of high quality hotels and commercial properties, comprising eight hotels and Jin Mao Tower, a mixed-use development. The properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property.

China Jinmao

China Jinmao is a large-scale developer and operator of quality real estate projects in the PRC, and is principally engaged in the development, sale, leasing and management of commercial and residential properties and hotel operations.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK HOTEL AND APARTMENT MANAGEMENT SERVICES AGREEMENT

The Directors believe that the Framework Hotel and Apartment Management Services Agreement is in line with the business objectives of the Company and that the transactions contemplated under the Framework Hotel and Apartment Management Services Agreement are expected to contribute to the revenue of the Group.

LISTING RULES IMPLICATIONS

China Jinmao is the controlling holder of the Share Stapled Units and is therefore a connected person of the Company under the Listing Rules.

Since the highest of the applicable percentage ratios in respect of the aggregate amount of the transactions under the Framework Hotel and Apartment Management Services Agreement is more than 0.1% but less than 5%, the transactions under the Framework Hotel and Apartment Management Services Agreement are only subject to the announcement and reporting requirements, but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Hotel and Apartment Management Services Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the holders of the Share Stapled Units as a whole.

Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan had declared their interests in the transactions under the Framework Hotel and Apartment Management Services Agreement by virtue of their relationship with China Jinmao, and each of them had abstained from voting on the resolutions of the Board with respect to the Framework Hotel and Apartment Management Services Agreement. Save as disclosed above, none of any other Directors has abstained from voting on the resolutions of the respective Boards approving the transactions under the Framework Hotel and Apartment Management Services Agreement.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“affiliate”	has the meaning under the Listing Rules
“Boards”	the boards of directors of the Trustee-Manager and the Company
“China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 00817) and a controlling holder of the Share Stapled Units, and therefore a connected person of the Trust Group

“China Jinmao Group”	China Jinmao and its subsidiaries and affiliates (excluding Sinochem Group and its affiliates and the Trust Group)
“Company”	Jinmao (China) Hotel Investments and Management Limited(金茂(中國)酒店投資管理有限公司), a company incorporated in the Cayman Islands
“Directors”	the directors of the Company and the Trustee-Manager
“Framework Hotel and Apartment Management Services Agreement”	the framework agreement between the Company and China Jinmao dated 7 December 2018 in relation to the provision of the Hotel and Apartment Management Services to members of the China Jinmao Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hotel and Apartment Management Services”	as defined in section headed “The Framework Hotel and Apartment Management Services Agreement” of this announcement
“Hotel and Apartment Management Services Agreement”	as defined in section headed “The Framework Hotel and Apartment Management Services Agreement” of this announcement
“Jinmao Hotel”	Jinmao Hotel (金茂酒店), as constituted pursuant to the Trust Deed
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share Stapled Units”	the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: <ul style="list-style-type: none"> (a) a Unit; (b) the beneficial interest in a specifically identified ordinary share of the Company linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and (c) a specifically identified preference share of the Company stapled to the Unit

“Sinochem Group”	Sinochem Group Co., Limited (中國中化集團有限公司) (formerly known as Sinochem Group (中國中化集團公司)), a state-owned enterprise established in the PRC on 11 August 1981 and the ultimate controlling holder of the Share Stapled Units of the Company, and therefore a connected person of the Company
“Trust Deed”	the trust deed dated 13 June 2014 constituting Jinmao Hotel and entered into between the Trustee-Manager and the Company, as amended from time to time
“Trust Group”	Jinmao Hotel and the Group
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), the trustee-manager of Jinmao Hotel
“Unit”	a unit in Jinmao Hotel which confers the rights set out in the Trust Deed

By Order of the Boards
Jinmao (China) Investments Manager Limited
and
Jinmao (China) Hotel Investments and Management Limited
LI Congrui
Chairman

Hong Kong, 7 December 2018

As at the date of this announcement, the directors of the Trustee-Manager and the Company are Mr. LI Congrui (Chairman), Mr. ZHANG Hui and Mr. JIANG Nan as Non-executive Directors; Mr. TANG Yong as Executive Director and Chief Executive Officer; and Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. XIN Tao as Independent Non-executive Directors.