

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Scheme Document or as to the action to be taken, you should consult your licensed securities dealer or other registered securities institution, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Share Stapled Units, you should at once hand this Scheme Document and the accompanying forms of proxy to the purchaser or transferee or to the licensed securities dealer or registered securities institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This Scheme Document appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Offeror, Jinmao Hotel or the Company.

JINMAO 中國金茂
China Jinmao Holdings Group Limited
中國金茂控股集團有限公司
(Incorporated in Hong Kong with limited liability)
(Stock Code: 00817)

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)

(1) PROPOSED PRIVATIZATION OF JINMAO HOTEL AND THE COMPANY BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS AND CLAUSE 34.2 OF THE TRUST DEED

AND

(2) PROPOSED WITHDRAWAL OF LISTING

Financial Adviser to the Offeror



Independent Financial Adviser to the Independent Board Committee



This Scheme Document is being issued jointly by the Offeror, Jinmao Hotel and the Company. The actions to be taken by the Holders of Share Stapled Units are set out in Part II of this Scheme Document. Notices convening the Unitholders Meeting to be held at 10:00 a.m. on 10 September 2020, the Court Meeting of Scheme Ordinary Shareholder to be held at 11:00 a.m. on 10 September 2020, the Court Meeting of Scheme Preference Shareholders to be held at 11:30 a.m. on 10 September 2020 and the EGM to be held at 12:00 p.m. on 10 September 2020 (or as soon as after the Unitholders Meeting and the Court Meetings have been concluded or adjourned) at Salon I-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong are set out in Appendix IV, Appendix V, Appendix VI and Appendix VII to this Scheme Document respectively. Whether or not you are able to attend the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM or any adjournment thereof, you are strongly urged to complete and sign the enclosed **Pink** combined form of proxy in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and the enclosed **White** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and return them to the Share Stapled Units Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than the respective times and dates as stated in the relevant form of proxy or Part II of this Scheme Document. If the **Pink** combined form of proxy in respect of the Unitholders Meeting and Court Meeting of Scheme Preference Shareholders is not so lodged, it may also be handed to the Chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it).

Unless the context requires otherwise, capitalized terms used in this Scheme Document take the meanings ascribed to them in Part I of this Scheme Document under the section headed "Definitions". This Scheme Document comprises also (1) a letter from the Boards regarding the Proposal as set out in Part IV of this Scheme Document; (2) a letter from the Independent Board Committee, containing its advice to the Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and Holders of Share Stapled Units in respect of the Proposal, as set out in Part V of this Scheme Document; (3) a letter from Opus Capital, the Independent Financial Adviser to the Independent Board Committee, containing its advice to the Independent Board Committee regarding the Proposal, as set out in Part VI of this Scheme Document; and (4) an Explanatory Statement regarding the Scheme as set out in Part VII of this Scheme Document. The English language text of this Scheme Document shall prevail over the Chinese text for the purpose of interpretation.

PRECAUTIONARY MEASURES FOR THE MEETINGS

Please see page i of this Scheme Document for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the Meetings, including:

- compulsory body temperature checks and health declarations
- compulsory wearing of surgical face masks for each attendee
- no distribution of corporate gifts or refreshments

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the venue. The Trustee-Manager and the Company also encourage the Holders of Share Stapled Units to consider appointing the chairman of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM as his/her/its proxy to vote on the relevant resolutions at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM as an alternative to attending the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM in person.

17 August 2020

PRECAUTIONARY MEASURES FOR THE MEETINGS

The health of the Holders of Share Stapled Units, staff and stakeholders is of paramount importance to the Trustee-Manager and the Company. In view of the ongoing Novel Coronavirus (COVID-19) epidemic and recent requirements for prevention and control of its spread, the Company and the Trustee-Manager will implement the following precautionary measures at the Meetings to protect attending Holders of Share Stapled Units, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue and be asked to leave the meeting venue.
- (ii) All attendees are required to wear surgical face masks inside the meeting venue at all times. A safe distance between seats are also recommended.
- (iii) No refreshment will be served and there will be no corporate gifts distributed at the Meetings.
- (iv) Each attendee may be asked whether (i) he/she travelled outside of Hong Kong within the 14-day period immediately before the Meetings; and (ii) he/she is subject to any quarantine measures prescribed in Hong Kong. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.
- (v) Seating at the venue of the Meetings will be arranged so as to allow for appropriate social distancing. If the participants in the Meetings consist of more than 20 persons, the participants will be separated in different rooms or partitioned areas with telecommunication facilities put into use so that each room or partitioned areas will accommodate not more than 20 persons or such other number of persons pursuant to the laws and regulations relating to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (Cap. 599G) as amended, supplemented or otherwise modified from time to time.

To the extent permitted under the laws of Hong Kong, the Trustee-Manager and the Company reserve the right to deny entry into the meeting venue or require any person to leave the meeting venue in order to ensure the safety of the attendees at the Meetings.

PRECAUTIONARY MEASURES FOR THE MEETINGS

In the interest of all stakeholders' health and safety and to be consistent with recent COVID-19 guidelines for prevention and control, the Trustee-Manager and the Company remind all Holders of Share Stapled Units that physical attendance in person at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM is not necessary for the purpose of exercising voting rights. As an alternative to attending the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM in person, Holders of Share Stapled Units are encouraged to consider appointing the Chairman of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM as his/her/its proxy to vote on the relevant resolutions at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM by submitting forms of proxy with voting instructions inserted. The forms of proxy are enclosed with this Scheme Document. Alternatively, the forms of proxy can be downloaded from the website of the Company at <http://www.jinmao88.com/> and the website of the Stock Exchange at <http://www.hkexnews.hk>. If you are not a registered Holder of Share Stapled Units (if your Share Stapled Units are held via banks, brokers, custodians or the HKSCC), you should consult directly with your banks or brokers or custodians (as the case may be) to assist you in the appointment of proxy.

CONTENTS

	<i>Page</i>
PART I – DEFINITIONS	1
PART II – ACTIONS TO BE TAKEN	15
PART III – EXPECTED TIMETABLE	19
PART IV – LETTER FROM THE BOARDS	22
PART V – LETTER FROM THE INDEPENDENT BOARD COMMITTEE	50
PART VI – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	52
PART VII – EXPLANATORY STATEMENT	92
APPENDIX I – FINANCIAL INFORMATION OF JINMAO HOTEL AND THE GROUP	I-1
APPENDIX II – GENERAL INFORMATION OF THE GROUP AND THE OFFEROR	II-1
APPENDIX III – SCHEME OF ARRANGEMENT	III-1
APPENDIX IV – NOTICE OF UNITHOLDERS MEETING	IV-1
APPENDIX V – NOTICE OF COURT MEETING OF SCHEME ORDINARY SHAREHOLDER	V-1
APPENDIX VI – NOTICE OF COURT MEETING OF SCHEME PREFERENCE SHAREHOLDERS	VI-1
APPENDIX VII – NOTICE OF EGM	VII-1
APPENDIX VIII – PROPERTY VALUATION REPORT	VIII-1

In this Scheme Document, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Announcement”	the joint announcement dated 12 June 2020 jointly issued by the Offeror, Jinmao Hotel and the Company in relation to the Proposal
“Announcement Date”	12 June 2020, being the date of the Announcement
“Articles of Association”	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time
“associates”	has the meaning ascribed to it in the Takeovers Code
“Beneficial Owner”	any beneficial owner of the Share Stapled Units
“Boards”	the boards of directors of the Company and the Trustee-Manager
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“C&W”	Cushman & Wakefield Limited, the independent property valuer to Jinmao Hotel and the Company
“Cancellation Price”	the cancellation price of HK\$4.80 per Scheme Share Stapled Unit payable in cash by the Offeror to the Holders of Scheme Share Stapled Units pursuant to the Proposal for every Scheme Share Stapled Units cancelled and extinguished
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Participant”	a CCASS Clearing Participant (a person admitted to participate in CCASS as a direct clearing participant or general clearing participant), a CCASS Custodian Participant (a person admitted to participate in CCASS as a custodian participant), and a CCASS Investor Participant (a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation)

“Company”	Jinmao (China) Hotel Investments and Management Limited (金茂(中國)酒店投資管理有限公司) (formerly known as Jinmao (China) Investments Holdings Limited 金茂(中國)投資控股有限公司), a company incorporated under the laws of the British Virgin Islands with limited liability on 18 January 2008 and registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Companies Law
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Court Meeting(s)”	the Court Meeting of Scheme Ordinary Shareholder and the Court Meeting of Scheme Preference Shareholders
“Court Meeting of Scheme Ordinary Shareholder”	the meeting of the holder of Scheme Ordinary Shares (i.e. the Trustee-Manager as the legal owner of all the Scheme Ordinary Shares) to be convened and held at the direction of the Grand Court at which the Scheme will be voted upon as instructed by the votes cast by the holders of the Scheme Units to which the Scheme Ordinary Shares are linked at the Unitholders Meeting
“Court Meeting of Scheme Preference Shareholders”	the meeting of holders of Scheme Preference Shares to be convened and held at the direction of the Grand Court at which the Scheme will be voted upon
“Court Meeting Record Date”	10 September 2020, or such other date as may be announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the holders of Scheme Shares to attend and vote at the Court Meetings
“DBS Bank”	DBS Bank Ltd., a company incorporated in Singapore and recognised by the Executive as an exempt principal trader for the purposes of the Takeovers Code, the operations of which are carried out independently of any takeover activities carried on by DBSAC with appropriate Chinese walls and compliance procedures in place
“DBS Group”	DBS Bank, DBSAC and any other affiliates of DBS Bank and DBSAC

“DBSAC”	DBS Asia Capital Limited, the financial adviser to the Offeror, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities. DBSAC is wholly owned by DBS Bank
“Directions Hearing”	the directions hearing of the Grand Court for the purpose of giving directions as to the holding of the Court Meetings
“Director(s)”	a director of the Company and the Trustee-Manager
“Effective Date”	the date on which the Proposal becomes effective in accordance with the Companies Law and the Trust Deed
“EGM”	an extraordinary general meeting of Unitholders, Ordinary Shareholder and Preference Shareholders to be held on a combined basis as a single meeting characterised as an extraordinary general meeting of the Holders of Share Stapled Units, convened by the Trustee-Manager and the Company for the Holders of Share Stapled Units to consider and, if thought fit, approve, among others, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective
“EGM Record Date”	10 September 2020, or such other date as may be announced to the Holders of Share Stapled Units, being the record date for the purpose of determining the entitlement of the Holders of Share Stapled Units to attend and vote at the EGM

“Exchange Right”	the right of the Registered Holders of Share Stapled Units under the Trust Deed, exercisable by passing an extraordinary resolution of Registered Holders of Units, to require all of the Share Stapled Units in issue to be exchanged for the Ordinary Shares held by the Trustee-Manager which are linked to the Units which are components of the Share Stapled Units. If the Exchange Right is exercised, the Trust Deed would terminate, the Units and the Preference Shares would be exchanged and cancelled according to terms and conditions of the Trust Deed
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate thereof
“exempt principal trader”	has the meaning ascribed to it in the Takeovers Code
“Grand Court”	the Grand Court of the Cayman Islands
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Holder(s) of Scheme Share Stapled Units”	holder(s) of Scheme Share Stapled Units
“Holder(s) of Share Stapled Units”	person(s) registered in the Share Stapled Units Register as holder(s) of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees Limited, shall also include, where the context so admits, the CCASS participants whose securities accounts with the CCASS are deposited with the Share Stapled Units
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Register of Members”	the branch register of members of the Company established and maintained by the Company in Hong Kong in accordance with the Articles of Association and the Trust Deed

- “Independent Board Committee” the independent board committee of the Trustee-Manager and the Company, comprising the following independent non-executive Directors, namely Dr. Chen Jieping, Dr. Xin Tao and Mr. Tse Yung Hoi, to make a recommendation to the Independent Unitholders, the Independent Ordinary Shareholders (voting through the Trustee-Manager), the Independent Preference Shareholders and the Holders of Share Stapled Units, in respect of, among others, the Proposal
- “Independent Financial Adviser” or “Opus Capital” Opus Capital Limited, a corporation licensed by the SFC to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser in respect of the Proposal appointed by the Trustee-Manager and the Company with the approval of the Independent Board Committee
- “Independent Holders of Scheme Share Stapled Units” all of the holders of Share Stapled Units:
- (a) excluding the Offeror and the Offeror Concert Parties; but
 - (b) including DBS Bank, an exempt principal trader (in respect of the Scheme Share Stapled Units held on a proprietary basis) recognized by the Executive for the purposes of the Takeovers Code, provided that DBS Bank shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with

“Independent Ordinary Shareholders”

all of the beneficial owners of the Ordinary Shares:

- (a) excluding the Offeror and the Offeror Concert Parties; but
- (b) including DBS Bank, an exempt principal trader (in respect of beneficial interest in Ordinary Shares held on a proprietary basis) recognized by the Executive for the purposes of the Takeovers Code, provided that DBS Bank shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, beneficial interest in Scheme Ordinary Shares held by any member of the DBS Group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Court Meeting of Scheme Ordinary Shareholder in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with

“Independent Preference Shareholders”

all of the holders of the Preference Shares:

- (a) excluding the Offeror and the Offeror Concert Parties; but
- (b) including DBS Bank, an exempt principal trader (in respect of the Preference Shares held on a proprietary basis) recognized by the Executive for the purposes of the Takeovers Code, provided that DBS Bank shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, Scheme Preference Shares held by any member of the DBS Group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Court Meeting of Scheme Preference Shareholders in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with

“Independent Unitholders”	<p>all of the holders of the Units:</p> <p>(a) excluding Offeror and the Offeror Concert Parties; but</p> <p>(b) including DBS Bank, an exempt principal trader (in respect of the Scheme Units held on a proprietary basis) recognized by the Executive for the purposes of the Takeovers Code, provided that DBS Bank shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) and an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, Scheme Units held by any member of the DBS Group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with</p>
“Investor Participant”	<p>a person admitted to participate in CCASS as an investor participant</p>
“Irrevocable Undertakings”	<p>the irrevocable undertakings given by the Participating Unitholders in favour of the Offeror in respect of 503,266,000 Share Stapled Units in aggregate</p>
“Jinmao Hotel”	<p>Jinmao Hotel (金茂酒店) (formerly known as Jinmao Investments (金茂投資)), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company</p>
“Last Trading Day”	<p>5 June 2020, being the last trading day on which the Share Stapled Units were traded on the Stock Exchange prior to the publication of the Announcement</p>
“Latest Practicable Date”	<p>14 August 2020, being the latest practicable date for the purposes of ascertaining certain information for inclusion in this Scheme Document</p>

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 November 2020, or such later date as may be agreed between the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company, subject to approval by DBSAC, or to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) or the Company may allow
“Meeting Record Date”	the Unitholders Meeting Record Date, the Court Meeting Record Date and/or the EGM Record Date (as the case may be)
“Meetings”	the Unitholders Meeting, Court Meetings and the EGM
“Offer Period”	the period commencing on the Announcement Date and until the latest of (i) the Effective Date; (ii) the date on which the Scheme lapses; or (iii) the date on which an announcement is made of the withdrawal of the Scheme
“Offeror” or “China Jinmao”	China Jinmao Holdings Group Limited (中國金茂控股集團有限公司) (formerly known as Franshion Properties (China) Limited 方興地產(中國)有限公司), a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a controlling Holder of Share Stapled Units and a connected person of Jinmao Hotel and the Company
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager recognized by the Executive for the purposes of the Takeovers Code), including Mr. Li Congrui and Mr. Jiang Nan as at the Latest Practicable Date
“Ordinary Shareholder(s)”	a person registered at the relevant time in the Register of Members as the holder of an Ordinary Share, i.e. the Trustee-Manager

“Ordinary Shares”	ordinary shares with a par value of HK\$0.0005 each in the share capital of the Company conferring the rights set out in the Articles of Association
“Participating Unitholders”	Mr. Tong JinQuan (童錦泉) (himself and through Wealthy Fountain Holdings INC., a company wholly owned by Mr. Tong JinQuan), Mr. Lu Shiqing (陸士慶), Camden Medical Centre Private Limited, Shanghai Construction Overseas (Holdings) Limited, HPRY Holdings Limited, Ho Lee Group Trust and Wii Pte. Ltd.
“Participating Units”	means 503,266,000 Share Stapled Units (representing approximately 75.81% of the Units held by the Independent Holders of Scheme Share Stapled Units as at the Latest Practicable Date) in aggregate, and comprises the 190,643,500 Share Stapled Units held by Mr. Tong JinQuan (童錦泉) (among which, 619,500 Share Stapled Units are directly held by Mr. Tong JinQuan and 190,024,000 Share Stapled Units are held by Wealthy Fountain Holdings INC, a company wholly owned by Mr. Tong JinQuan), 160,101,000 Share Stapled Units held by Mr. Lu Shiqing (陸士慶), 60,850,000 Share Stapled Units held by Camden Medical Centre Private Limited, 28,971,500 Share Stapled Units held by Shanghai Construction Overseas (Holdings) Limited, 27,000,000 Share Stapled Units held by HPRY Holdings Limited, 21,700,000 Share Stapled Units held by Perpetual (Asia) Limited in its capacity as the trustee of Ho Lee Group Trust and 14,000,000 Share Stapled Units held by Wii Pte. Ltd.
“Preference Shareholder(s)”	a person registered at the relevant time in the Register of Members and Hong Kong Register of Members as the holder of a Preference Share
“Preference Shares”	preference shares with a par value of HK\$0.0005 each in the share capital of the Company conferring the rights set out in the Articles of Association
“Proposal”	the proposal for the privatization of Jinmao Hotel and the Company by the Offeror by way of the Scheme and the corresponding cancellation and reduction of the Scheme Units pursuant to Clause 34.2 of the Trust Deed

“Proposal Conditions”	the conditions to the implementation of the Proposal as set out in “2. The Proposal – Proposal Conditions” as set out in Letter from the Boards and Explanatory Statement, being Parts IV and VII in this Scheme Document
“Reassessed NAV”	has the meaning ascribed to it as detailed in “3. Valuation of the property interests of the Trust Group and the Reassessed NAV – 3.2 Reassessed NAV” in Part VI Letter from the Independent Financial Adviser
“Register of Beneficial Interests”	the register of beneficial interests in the Ordinary Shares which are registered in the Register of Members in the name of the Trustee-Manager established and maintained pursuant to Clause 11.3 of the Trust Deed
“Register of Members”	the principal register of members of the Company maintained in the Cayman Islands
“Registered Holders of Share Stapled Units” or “Registered Owner(s)”	persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units (including without limitation a nominee, trustee, depositary or any other authorized custodian or third party)
“Registers”	collectively, the Register of Beneficial Interests, the Register of Members, the Share Stapled Units Register, the Units Register and the Hong Kong Register of Members
“Registrar of Companies”	the registrar of companies appointed under the Companies Law
“Relevant Authorities”	appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions
“Relevant Period”	the period commencing on 12 December 2019 (being the date falling six (6) months prior to the Announcement Date) and ending on the Latest Practicable Date, both dates inclusive
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Rules of the Grand Court”	the Cayman Islands Grand Court Rules (1995) (Revised Edition)

“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the People’s Republic of China (國務院國有資產監督管理委員會)
“Scheme”	a scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to the Proposal Conditions) involving the cancellation and reduction of all the Scheme Shares
“Scheme Document”	this composite scheme document jointly issued by the Offeror, the Company and Jinmao Hotel containing, inter alia, further details of the Proposal
“Scheme Ordinary Share(s)”	the Ordinary Share(s) which form part of the Scheme Share Stapled Units
“Scheme Preference Share(s)”	the Preference Share(s) which form part of the Scheme Share Stapled Units
“Scheme Record Date”	28 September 2020 (Hong Kong date) or such other date as may be announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlements of the Holders of Scheme Share Stapled Units to the Cancellation Price under the Proposal (including the Scheme)
“Scheme Record Time”	4:00 p.m. (Hong Kong time) on the Scheme Record Date
“Scheme Share(s)”	Scheme Ordinary Share(s) and Scheme Preference Share(s)
“Scheme Share Stapled Unit(s)”	Share Stapled Units other than those directly or indirectly held by the Offeror as at the Scheme Record Time on the Scheme Record Date
“Scheme Shareholder(s)”	holders of Scheme Shares
“Scheme Unit(s)”	the Unit(s) which form part of the Scheme Share Stapled Units
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Stapled Unit(s)”	<p>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:</p> <ul style="list-style-type: none">(a) a Unit in Jinmao Hotel;(b) the beneficial interest in a specifically identified Ordinary Share 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 stapled to the Unit
“Share Stapled Units Register”	<p>the register of Holders of Share Stapled Units maintained by the Trustee-Manager and the Company pursuant to Clause 9.1 of the Trust Deed</p>
“Share Stapled Units Registrar”	<p>Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong</p>
“Sinochem Group”	<p>Sinochem Group Co., Ltd. (中國中化集團有限公司), a state-owned enterprise incorporated in the People’s Republic of China that is wholly owned by the SASAC. As at the Latest Practicable Date, the Offeror is owned as to 33.32% by Sinochem Hong Kong (Group) Company Limited, which in turn is wholly owned by Sinochem Corporation, which in turn is wholly-owned by Sinochem Group</p>
“Stock Exchange”	<p>The Stock Exchange of Hong Kong Limited</p>
“Takeovers Code”	<p>the Code on Takeovers and Mergers of Hong Kong</p>

“Takeovers Bulletin No. 53 Requirements”	the requirements set out in Takeovers Bulletin Issue No. 53 in respect of the exercise of voting rights by connected exempt principal traders for and on behalf of non-discretionary clients and pursuant to which, a connected exempt principal trader shall not exercise voting rights in securities held for and on behalf of non-discretionary clients unless a written confirmation is furnished to the Executive confirming, among others, that (i) the connected exempt principal trader holds the relevant securities as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place with such non-discretionary clients pursuant to which all voting instructions shall originate from the clients only, and if no instructions are given, then no votes shall be cast for the relevant securities held by the connected exempt principal trader for and on behalf of such non-discretionary clients; and (iii) such non-discretionary clients are entitled to vote in the context of the offer in question
“Trading Day”	a day on which the Stock Exchange is open for the business of dealings in securities
“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
“Trustee-Manager”	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Hotel
“Unit”	a unit in Jinmao Hotel which confers the rights set out in the Trust Deed
“Unitholder(s)”	a person registered at the relevant time in the register of holder of Units maintained by the Trustee-Manager as the holder of a Unit. Given each Unit is a component comprising a Share Stapled Unit, the Unitholders are the same group of persons as the Holders of Share Stapled Units

“Unitholders Meeting”	the meeting of holders of Scheme Units to be convened and held to consider and approve the Proposal so that the Trustee-Manager will be instructed on how to vote at the Court Meeting(s) of Ordinary Shareholder in respect of the Scheme
“Unitholders Meeting Record Date”	10 September 2020, or such other date as may be announced to the Holders of Share Stapled Units, being the record date for the purpose of determining the entitlement of the holders of Scheme Unit and vote at the Unitholders Meeting
“Units Register”	the register of the Unitholders maintained by the Trustee-Manager pursuant to Clause 10.1 of the Trust Deed
“%”	per cent

All references in this Scheme Document to times and dates are references to Hong Kong times and dates, except as otherwise specified and other than references to the expected date of the Grand Court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company, and the Effective Date, which are the relevant dates in the Cayman Islands. For reference only, Cayman Islands time is 13 hours behind Hong Kong time as at the date of this Scheme Document.

ACTIONS TO BE TAKEN BY THE HOLDERS OF SHARE STAPLED UNITS

For the purpose of determining the entitlements of (i) the holders of Scheme Units to attend and vote at the Unitholders Meeting; (ii) the holders of Scheme Preference Shares to attend and vote at the Court Meeting of Scheme Preference Shareholders; and (iii) Holders of Share Stapled Units to attend and vote at the EGM, the Registers will be closed from 7 September 2020 to 10 September 2020 (both dates inclusive). During such period, no registration of transfer of the Share Stapled Units will be effected. In order to qualify to attend and vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM, all transfers of the Share Stapled Units accompanied by the relevant Share Stapled Unit certificates must be lodged with the Share Stapled Units Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 September 2020.

A **Pink** combined form of proxy for use at both the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and a **White** form of proxy for use at the EGM are enclosed with copies of this Scheme Document sent to the relevant Registered Holders of Share Stapled Units. No proxy form will be provided for the Court Meeting of Scheme Ordinary Shareholder as the Trustee-Manager will attend the Court Meeting of Scheme Ordinary Shareholder by corporate representative.

The Registers will be closed during such period for the purposes of determining the entitlement of (i) the holders of Scheme Units to attend and vote at the Unitholders Meeting; (ii) the holders of Scheme Preference Shares to attend and vote at the Court Meeting of Scheme Preference Shareholders; and (iii) the Holders of Share Stapled Units to attend and vote at the EGM. This book close period is not for determining entitlements under the Proposal.

Whether or not you are able to attend the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM, we strongly urge you to complete and sign the enclosed **Pink** combined form of proxy in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and the enclosed **White** form of proxy in respect of the EGM, in accordance with the instructions printed thereon, and to lodge them at the office of the Share Stapled Units Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. In order to be valid, the **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders should be lodged not later than 10:00 a.m. on 8 September 2020 or be handed to the chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it) or in the case of the **White** form of proxy for use at the EGM should be lodged not later than 12:00 p.m. on 8 September 2020. The completion and return of the relevant forms of proxy for the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM will not preclude you from attending and voting in person at the relevant meetings. In such event, the returned form(s) of proxy will be deemed to have been revoked.

If you do not appoint a proxy and you do not attend and vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM, you will still be bound by the outcome of the Meetings if, among other things, the relevant resolutions are passed by the requisite majorities of the Unitholders who are holders of Scheme Units, holders of Scheme Preference Shares or Holders of Share Stapled Units. We therefore strongly urge you to attend and vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM in person or by proxy.

Voting at the Meetings will be taken by poll.

The Offeror, Jinmao Hotel and the Company will make an announcement in relation to the results of the Meetings not later than 7:00 p.m. on 10 September 2020. Jinmao Hotel and the Company will make further announcements of the results of the hearing of the petition to, among other things, sanction the Scheme by the Grand Court and, if the Scheme is sanctioned, the Effective Date and the date of withdrawal of the listing of the Share Stapled Units on the Stock Exchange.

ACTIONS TO BE TAKEN BY HOLDERS OF SHARE STAPLED UNITS THROUGH TRUST OR CCASS

The Trustee-Manager and the Company will not recognize any person as holding any Share Stapled Units through any trust. If you are a Beneficial Owner whose Share Stapled Units are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), you should contact the Registered Owner and provide the Registered Owner with instructions in relation to the manner in which your Share Stapled Units should be voted at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM. Such instructions should be given in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM in order to provide the Registered Owner with sufficient time to accurately complete and submit his, her or its proxy. To the extent that any Registered Owner requires instructions from any Beneficial Owner in advance of the aforementioned latest time for the lodgment of forms of proxy in respect of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM, any such Beneficial Owner should comply with the requirements of the Registered Owner.

If you are a Beneficial Owner whose Share Stapled Units are deposited in CCASS and registered under the name of HKSCC Nominees Limited, you must, unless you are an Investor Participant, contact your broker, custodian, nominee or other relevant person who is, or has, in turn, deposited such Share Stapled Units with other CCASS Participant, regarding voting instructions to be given to such persons if you wish to vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for the lodgment of forms of proxy in respect of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM, in order to provide such

person with sufficient time to provide HKSCC with instructions in relation to the manner in which the Scheme Units, the Scheme Preference Shares and the Share Stapled Units of the Beneficial Owner should be voted at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM, respectively. The procedure for voting in respect of the Scheme by the Investor Participants and the other CCASS Participants (being a broker, custodian, nominee or other relevant person who is, or has deposited such Share Stapled Units with, a CCASS Participant) with respect to Shares registered under the name of HKSCC Nominees shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited, being the registered holder of Share Stapled Units in CCASS, shall be permitted to vote once only, either “for” or “against” the Scheme in accordance with instructions from individual CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied.

If you are a Beneficial Owner whose Share Stapled Units are deposited in CCASS, you may also elect to become a Holder of Share Stapled Units of record, and thereby have the right to attend and vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM. You can become a Holder of Share Stapled Units of record by withdrawing your Share Stapled Units from CCASS and becoming a Registered Owner of such Share Stapled Units. For withdrawal of Share Stapled Units from CCASS and registration thereof, you will be required to pay to CCASS a withdrawal fee per board lot withdrawn, a registration fee for each Share Stapled Units certificate issued, stamp duty on each transfer instrument and, if your Share Stapled Units are held through a financial intermediary, any other relevant fees charged by your financial intermediary. You should contact your broker, custodian, nominee or other relevant person in advance of the latest time for lodging transfers of the Share Stapled Units into your name so as to qualify to attend and vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to withdraw the Share Stapled Units from CCASS and register them in your name.

EXERCISE YOUR RIGHT TO VOTE

IF YOU ARE A HOLDER OF SHARE STAPLED UNITS OR A BENEFICIAL OWNER, THE TRUSTEE-MANAGER, THE COMPANY AND THE OFFEROR STRONGLY ENCOURAGE YOU TO EXERCISE YOUR RIGHT TO VOTE OR GIVE INSTRUCTIONS TO THE RELEVANT REGISTERED OWNER TO VOTE IN PERSON OR BY PROXY AT THE UNITHOLDERS MEETING, THE COURT MEETING OF SCHEME PREFERENCE SHAREHOLDERS AND THE EGM. IF YOU KEEP ANY SHARE STAPLED UNITS IN A SHARE STAPLED UNITS LENDING PROGRAMME, WE URGE YOU TO RECALL ANY OUTSTANDING SHARE STAPLED UNITS ON LOAN TO AVOID MARKET PARTICIPANTS USING BORROWED SHARE STAPLED UNITS TO VOTE.

IF YOU ARE A BENEFICIAL OWNER WHOSE SHARE STAPLED UNITS ARE DEPOSITED IN CCASS, WE ENCOURAGE YOU TO PROVIDE HKSCC WITH INSTRUCTIONS OR MAKE ARRANGEMENTS WITH HKSCC IN RELATION TO THE MANNER IN WHICH THOSE SHARE STAPLED UNITS SHOULD BE VOTED AT THE UNITHOLDERS MEETING, THE COURT MEETING OF SCHEME PREFERENCE SHAREHOLDERS AND THE EGM WITHOUT DELAY (AS DETAILED IN THE SECTION “ACTIONS TO BE TAKEN BY HOLDERS OF SHARE STAPLED UNITS THROUGH TRUST OR CCASS” ABOVE).

IF YOU ARE A REGISTERED OWNER HOLDING SHARE STAPLED UNITS ON BEHALF OF BENEFICIAL OWNERS, WE SHOULD BE GRATEFUL IF YOU WOULD INFORM THE RELEVANT BENEFICIAL OWNERS ABOUT THE IMPORTANCE OF EXERCISING THEIR VOTES.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU ARE ENCOURAGED TO CONSULT YOUR LICENSED SECURITIES DEALER, BANK MANAGER, SOLICITOR, PROFESSIONAL ACCOUNTANT OR OTHER PROFESSIONAL ADVISER.

The following timetable takes into account the procedures of the Grand Court for the Scheme. The expected timetable is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the following expected timetable.

Event	Date
Despatch of this Scheme Document	17 August 2020
Latest time for lodging transfers of Share Stapled Units in order to become entitled to vote at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM	4:30 p.m. on 4 September 2020
Registers closed for determining the entitlement of the Unitholders who are holders of Scheme Units to attend and vote at the Unitholders Meeting, holders of Scheme Preference Shares to attend and vote at the Court Meeting of Scheme Preference Shareholders and Holders of Share Stapled Units to attend and vote at the EGM (<i>Note 1</i>).	7 September 2020 to 10 September 2020 (both dates inclusive)
Latest time for lodging the Pink combined form of proxy in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders (<i>Note 2</i>)	10:00 a.m. on 8 September 2020
Latest time for lodging the White form of proxy in respect of the EGM (<i>Note 2</i>)	12:00 p.m. on 8 September 2020
Meeting Record Date	10 September 2020
Unitholders Meeting (<i>Note 3</i>)	10:00 a.m. on 10 September 2020
Court Meeting of Scheme Ordinary Shareholder (<i>Note 3</i>)	11:00 a.m. on 10 September 2020
Court Meeting of Scheme Preference Shareholders (<i>Note 3</i>)	11:30 a.m. on 10 September 2020

EGM (<i>Note 3</i>)	12:00 p.m. on 10 September 2020 (or as soon as after the Unitholders Meeting and the Court Meetings shall have been concluded or adjourned)
Announcement of the results of the Meetings	not later than 7:00 p.m. on 10 September 2020
Latest time of trading in the Share Stapled Units on the Stock Exchange	4:10 p.m. on 22 September 2020
Court hearing of the petition to sanction the Scheme and to confirm the reduction of the share capital of the Company	24 September 2020 (Cayman Islands time)
Latest time for lodging transfers of Share Stapled Units in order to qualify for the entitlements under the Scheme	4:30 p.m. on 25 September 2020
Announcement of the result of the Court hearing, the expected Effective Date and the expected date of withdrawal of listing of the Share Stapled Units on the Stock Exchange	no later than 7:00 p.m. on 25 September 2020
Registers closed for the determining entitlements to qualify under the Scheme (<i>Note 4</i>)	from 28 September 2020 onwards
Scheme Record Date	28 September 2020
Effective Date (<i>Note 5</i>)	28 September 2020 (Cayman Islands time)
Announcement of the Effective Date and the withdrawal of listing of the Share Stapled Units on the Stock Exchange	29 September 2020

Expected withdrawal of listing of the Share Stapled Units

on the Stock Exchange becomes effective (*Note 6*)9:00 a.m.
on 5 October 2020

Cheques for cash entitlements under the Scheme

to be despatched (*Note 7*) on or before 9 October 2020

Holders of Share Stapled Units should note that the above timetable is subject to change. Further announcement(s) will be made in the event that there is any change.

Notes:

1. The Registers comprising the Share Stapled Units Register, the Units Register, the Register of Members, the Hong Kong Register of Members and the Register of Beneficial Interests will be closed during such period for the purposes of determining the entitlement of (i) the holders of Scheme Units to attend and vote at the Unitholders Meeting; (ii) the holders of Scheme Preference Shares to attend and vote at the Court Meeting of Scheme Preference Shareholders; and (iii) the Holders of Share Stapled Units to attend and vote at the EGM. This book close period is not for determining entitlements under the Proposal.
2. The **Pink** combined form of proxy in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and the **White** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed on them and should be lodged with the Share Stapled Units Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than the respective times and dates stated above or, in the case of the **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders, they may be handed to the Chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it). Completion and return of the relevant forms of proxy for the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and/or the EGM will not preclude a holder of Scheme Units, holder of Scheme Preference Shares or a Holder of Share Stapled Units, from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.
3. Please see the notice of Unitholders Meeting set out in Appendix IV to this Scheme Document, the notice of the Court Meeting of Scheme Ordinary Shareholder set out in Appendix V to this Scheme Document, the notice of the Court Meeting of Scheme Preference Shareholders set out in Appendix VI to this Scheme Document and the notice of the EGM set out in Appendix VII to this Scheme Document.
4. The Registers comprising the Share Stapled Units Register, the Units Register, the Register of Members, the Hong Kong Register of Members and the Register of Beneficial Interests will be closed as from such date and on such date for the purpose of determining the Holders of Scheme Share Stapled Units who are qualified for entitlement under the Proposal.
5. When all the Proposal Conditions are satisfied or waived (as applicable), the Scheme may be delivered to the Registrar of Companies in the Cayman Islands at which point it will become effective and binding on the Offeror, Jinmao Hotel, the Company and all Holders of Share Stapled Units. The Effective Date would be earlier than the date of announcement of the Effective Date and the withdrawal of listing of the Share Stapled Units on the Stock Exchange.
6. If all Proposal Conditions are fulfilled (or waived as applicable) on or before the Long Stop Date, the Offeror will (i) implement the Scheme to cancel and extinguish the Scheme Shares; and (ii) cancel the Scheme Units. The Trustee-Manager and the Company will apply to the Stock Exchange for the withdrawal of listing of the Share Stapled Units on the Stock Exchange.
7. Cheques for the cash entitlements to the Holders of Scheme Share Stapled Units will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the Share Stapled Units Register at the Scheme Record Time on the Scheme Record Date on or before 9 October 2020.

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)

***Directors of the Trustee-Manager and
the Company******Non-executive Directors:***

Mr. LI Congrui (*Chairman*)

Mr. ZHANG Hui

Mr. JIANG Nan

Executive Director and***Chief Executive Officer:***

Mr. TANG Yong

Independent Non-executive Directors:

Dr. CHEN Jieping

Dr. XIN Tao

Mr. TSE Yung Hoi

Registered office of the Company

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

***Principal Place of Business in Hong Kong
of the Company***

Rooms 4702-03, 47th Floor, Office Tower

Convention Plaza, No. 1 Harbour Road

Wanchai, Hong Kong

Registered Office of the Trustee-Manager

Rooms 4702-03, 47th Floor, Office Tower

Convention Plaza, No. 1 Harbour Road

Wanchai, Hong Kong

Hong Kong, 17 August 2020

To the Holders of Share Stapled Units

Dear Sir or Madam,

**(1) PROPOSED PRIVATIZATION OF JINMAO HOTEL AND THE COMPANY
BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES LAW OF THE CAYMAN ISLANDS AND CLAUSE 34.2 OF
THE TRUST DEED**

AND

(2) PROPOSED WITHDRAWAL OF LISTING

1. INTRODUCTION

The Offeror, the Company and Jinmao Hotel jointly announced that on 7 June 2020, the Offeror requested the Boards to put forward the Proposal for the privatization of Jinmao Hotel and the Company, which, if approved and implemented, would involve (i) the cancellation and

extinguishment of the Ordinary Shares, Preference Shares and Units comprising the Scheme Share Stapled Units; and (ii) the withdrawal of the listing of Share Stapled Units on the Stock Exchange. The Cancellation Price will be paid by the Offeror to the Holders of Scheme Share Stapled Units. The Proposal will be carried out by way of (i) a scheme of arrangement under Section 86 of the Companies Law in relation to the Scheme Shares, and (ii) Clause 34.2 of the Trust Deed in relation to the Scheme Units.

The purpose of this Scheme Document is to provide you with further information regarding the Proposal and the expected timetable and to give you notices of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM (together with proxy forms in relation thereto). Your attention is also drawn to the letter from the Independent Board Committee set out in Part V of this Scheme Document, the letter from the Independent Financial Adviser set out in Part VI of this Scheme Document, the Explanatory Statement set out in Part VII of this Scheme Document and the terms of the Scheme set out in Appendix III to this Scheme Document.

2. THE PROPOSAL

Each Share Stapled Unit comprises three components: (i) a Unit, (ii) a beneficial interest in a specifically identified Ordinary Share held by the Trustee-Manager (as trustee-manager of Jinmao Hotel), which is linked to the Unit, and (iii) a specifically identified Preference Share which is stapled to the Unit. Under the Trust Deed and the Articles of Association, the number of Ordinary Shares and Preference Shares in issue must be the same at all times and must also, in each case, be equal to the number of the Units in issue.

Upon the Proposal becoming effective, (i) the Scheme Shares will be cancelled and extinguished pursuant to the Scheme, and (ii) simultaneous with the implementation of the Scheme, on the Effective Date the Scheme Units will also be cancelled in accordance with the Trust Deed.

The share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Please refer to the paragraph headed “5. Holding Structure of the Share Stapled Units” below for further details regarding the holding structure of the Share Stapled Units upon completion of the Proposal.

The total consideration payable to the Holders of Scheme Share Stapled Units for the cancellation and extinguishment of the Scheme Share Stapled Units will be paid by the Offeror. The Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit cancelled and extinguished represents:

- a premium of approximately 30.4% over the closing price of HK\$3.68 per Share Stapled Unit as quoted on the Stock Exchange on the Last Trading Day;

- a premium of approximately 57.9% over the average closing price of approximately HK\$3.04 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 72.7% over the average closing price of approximately HK\$2.78 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 82.5% over the average closing price of approximately HK\$2.63 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 86.8% over the average closing price of approximately HK\$2.57 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 64.4% over the average closing price of approximately HK\$2.92 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 57.4% over the audited net assets of the Company per Share Stapled Unit of approximately HK\$3.05 as of 31 December 2019 (based on the exchange rate of HK\$1: RMB0.89578, the central parity rate published by the People's Bank of China on its website as of 31 December 2019 for illustration purposes);
- a premium of approximately 3.9% over the closing price of approximately HK\$4.62 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange on the Latest Practicable Date;
- a premium of approximately 81.1% over the unaudited net assets of the Company per Share Stapled Unit of approximately HK\$2.65 as of 30 June 2020 (based on the exchange rate of HK\$1: RMB0.91344, the central parity rate published by the People's Bank of China on its website as of 30 June 2020 for illustration purposes); and
- a discount of approximately 21.4% to the Reassessed NAV per Share Stapled Unit of approximately HK\$6.11 as at 30 June 2020 based on the total number of issued Share Stapled Units as at the Latest Practicable Date.

Having considered the comparable companies (the “**Privatization Comparables**”), that conducted privatization in the market as detailed in “5. Evaluation of the Cancellation Price – 5.4 Privatization Comparables” in Part VI Letter from the Independent Financial Adviser, the Boards noted that the cancellation prices of these Privatization Comparables represented an average discount to the reassessed/adjusted net asset value per share of approximately 22.5%. Furthermore, it was noted that while the premium of the Cancellation Price over the closing price of the Share Stapled Unit on the Last Trading Day of approximately 30.4% was slightly below the average of that for the Privatization Comparables, the premiums of the Cancellation Price over the average closing prices of the Share Stapled Unit for the period of 5 days, 10

days, 30 days, 60 days and 90 days prior to the Announcement Date were significantly higher than those of the Privatization Comparables. Accordingly, the Directors consider that the Cancellation Price to be an attractive opportunity for the Holders of Scheme Share Stapled Unit to realise their investments as the discount of the Cancellation Price to the Reassessed NAV per Share Stapled Unit of approximately 21.4% is in line with market practice and is lower than the average discount of these Privatization Comparables.

Highest and lowest prices of the Share Stapled Units

During the 18-month period ended on and including the Last Trading Day, the highest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$4.73 on 16 April 2019 and the lowest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$2.17 on 19 March 2020.

As disclosed in the Announcement, the Offeror will not increase the Cancellation Price and does not reserve the right to do so. Holders of Share Stapled Units and potential investors of Share Stapled Units should be aware that, following the making of this statement, the Offeror has been bound by this statement and will not be allowed to increase the Cancellation Price.

The Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as of 31 December 2019, the Offeror's review of the Group's business and its future prospects, the prices of the Share Stapled Units traded on the Stock Exchange and other privatization transactions in Hong Kong in recent years.

Implementation of the Proposal

As the Scheme is only between the Company and the Scheme Shareholders under the Companies Law, not the Unitholders with respect to Jinmao Hotel, the Court Meetings will only be meetings of the Scheme Shareholders. To comply with the meeting requirements of the Trust Deed and the Articles of Association, a separate Unitholders Meeting will be required to be held immediately before the Court Meeting of holders of Scheme Ordinary Shares to enable Unitholders (other than the Offeror) (i.e. holders of Scheme Units) to pass a resolution instructing the Trustee Manager, as holder of the Scheme Ordinary Shares, on how to vote at the Court Meeting of Scheme Ordinary Shareholder. A subsequent Court Meeting of Scheme Preference Shareholders will then be held, at which the votes cast by the holders of the Scheme Preference Shares shall be deemed to have cast in the same way as per their votes at the Unitholders Meeting.

Immediately following the Unitholders Meeting and the Court Meetings, the EGM will be convened for the purpose of considering and, if thought fit, approving, among others, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective.

The specific requirements regarding voting of Share Stapled Units are contained in the Trust Deed and the Articles of Association, both of which are available on the website of the Company (<http://www.jinmao88.com/en/index.php>). Given these requirements, and subject to the order of the Grand Court in respect of the Court Meetings:

- (a) a Unitholder (other than the Offeror) shall be entitled to cast a vote in respect of his Unit at the Unitholders Meeting;
- (b) the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will exercise its voting rights of the Scheme Ordinary Shares at the relevant Court Meeting as instructed by the votes cast by the Scheme Units to which the Scheme Ordinary Shares are linked at the Unitholders Meeting; and
- (c) the votes cast by the holders of the Scheme Preference Shares/Independent Preference Shareholders at the relevant Court Meeting of Scheme Preference Shareholders must be cast in the same way as per their votes in the Unitholders Meeting.

In respect of the EGM, a Holder of Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit for each resolution to be considered at the EGM.

Please also refer to the paragraph headed “14. Forms of Proxy and Voting Paper Requirements under the Trust Deed” in this section of the Scheme Document.

Proposal Conditions

The Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all Holders of Share Stapled Units, subject to the fulfilment or waiver (as applicable) of the following Proposal Conditions:

- (a) the approval of the Scheme and the Proposal (by way of poll) by a majority in number of the Unitholders (other than the Offeror) representing not less than 75% in value of the Scheme Units held by the holders of such Units present and voting either in person or by proxy at the Unitholders Meeting;
- (b) (i) the approval of the Scheme and the Proposal (by way of poll) by the Independent Unitholders holding at least 75% of the Units held by the Independent Unitholders that are voted either in person or by proxy at the Unitholders Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Unitholders present and voting either in person or by proxy at the Unitholders Meeting against the resolution to approve the Scheme and the Proposal at the Unitholders Meeting is not more than 10% of the votes attaching to all Units held by all the Independent Unitholders;
- (c) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Ordinary Shares representing not less than 75% in value of the Scheme Ordinary Shares beneficially owned by the holders of such Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting through the Trustee-Manager;

- (d) (i) the approval of the Scheme (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares, representing at least 75% of the votes attaching to the Ordinary Shares beneficially owned by the Independent Ordinary Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Ordinary Shares beneficially owned by all the Independent Ordinary Shareholders;
- (e) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Preference Shares representing not less than 75% in value of the Scheme Preference Shares held by the holders of such Preference Shares present and voting either in person or by proxy at the relevant Court Meeting;
- (f) (i) the approval of the Scheme (by way of poll) by the Independent Preference Shareholders holding at least 75% of the votes attaching to the Preference Shares held by the Independent Preference Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Preference Shareholders present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Preference Shares held by all the Independent Preference Shareholders;
- (g) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Holders of Share Stapled Units present and voting in person or by proxy at the EGM to approve and give effect to (a) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (b) the cancellation of the Scheme Units; and (c) the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective;
- (h) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies of a copy of the order of the Grand Court for registration;
- (i) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the share capital of the Company;
- (j) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Proposal becoming effective having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;

- (k) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Proposal becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Proposal becomes effective;
- (l) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of Jinmao Hotel and the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;
- (m) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;
- (n) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
 - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
 - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and

- (o) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to the date when all the Proposal Conditions are satisfied or validly waived (as applicable).

The Offeror reserves the right to waive Proposal Conditions (l) to (o) either in whole or in part, either generally or in respect of any particular matter. Proposal Conditions (a) to (k) cannot be waived in any event. The Trustee-Manager (as trustee-manager of Jinmao Hotel) or the Company has no right to waive any of the Proposal Conditions.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all Proposal Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Proposal Condition are of material significance to the Offeror in the context of the Proposal. All Proposal Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. When all Proposal Conditions are satisfied or waived (as applicable), the Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all the Holders of Share Stapled Units (irrespective of whether or not they attended or voted at the Meetings).

The Trustee-Manager is bound to act according to the terms of the Trust Deed including to, among other matters, exercise its voting rights of the Ordinary Shares in accordance with the votes conferred by the Units to which the Ordinary Shares are linked in the Unitholders Meeting and are bound by a scheme of arrangement proposed by the Company and approved by the Scheme Ordinary Shareholder and Scheme Preference Shareholders in accordance with the Companies Law. Further details of the voting arrangements between the holders of Share Stapled Units and the Trustee-Manager are set out the section headed “14. Meeting requirements, voting rights and requirements, forms of proxy and voting paper requirements, and effect of Scheme of Arrangement under the Trust Deed” in the Part VII of the Explanatory Statement.

Assuming that the Proposal Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on or around 28 September 2020 as stated in Part II of this Scheme Document.

In respect of Proposal Condition (b), as at the Latest Practicable Date, the Offeror received the Irrevocable Undertakings from the Participating Unitholders which represented approximately 75.81% of the Units held by the Independent Unitholder.

In respect of Proposal Conditions (j) to (m), the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company were not aware of and did not reasonably foresee any such authorization, registration, filing, rulings, consent, opinion, permission and approval of any relevant competent authority as at the Latest Practicable Date except for (i) approval from Sinochem Group, which was obtained on June 10, 2020 to approve the privatization of Jinmao Hotel and the Company by off-market agreement, (ii) written report to the SASAC by Sinochem Group, which is expected to be completed without obstacles, and (iii) filing with the State-owned Equity Management Information System for listed companies by Sinochem Group, which is expected to be completed without obstacles.

In respect of Proposal Condition (n), as at the Latest Practicable Date, there were certain existing banking facilities (the “**Existing Banking Facilities**”) to which the Company was a party. Under the Existing Banking Facilities, the Company’s obligation of mandatory

prepayment or right to accelerate repayment will be triggered if the listing of Share Stapled Units is withdrawn from the Stock Exchange. The Company is seeking consents and/or waivers from these lending banks so that the Existing Banking Facilities can continue after the listing of Share Stapled Unit is withdrawn. As at the Latest Practicable Date, save for two banks, the Company has obtained verbal consent from all the banks. The Company is still negotiating with the aforesaid two banks. Barring from any unforeseen circumstances, the Company and Directors did not anticipate any difficulties in obtaining such written consent from all banks on or before end of August 2020. The Offeror reserves the right to waive such condition.

The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the Proposal Conditions.

After the listing of Share Stapled Units on the Stock Exchange is withdrawn, the Offeror intends to exercise the Exchange Right pursuant to Clause 12 of the Trust Deed so that all Units and Preference Shares comprising the Share Stapled Units held by the Offeror will be cancelled and in exchange of the corresponding Ordinary Shares held by the Trustee-Manager (as trustee-manager of Jinmao Hotel) on a one for one basis. Upon completion of the exercise of the Exchange Right by the Offeror, (i) the Company will only have Ordinary Shares which are all held by the Offeror, and all the Preference Shares and Units will be cancelled, unlinked and unstapled with the Ordinary Shares, and (ii) Jinmao Hotel will be terminated pursuant to Clause 25.1(b) of the Trust Deed.

As at the Latest Practicable Date, none of the Proposal Conditions had been fulfilled or waived.

WARNING

Holders of Share Stapled Units and potential investors of Share Stapled Units should be aware that the implementation of the Proposal is subject to the Proposal Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Holders of Share Stapled Units and potential investors of Share Stapled Units should therefore exercise caution when dealing in the Share Stapled Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

3. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

The Proposal, if approved and implemented, will involve (i) the cancellation and extinguishment of the Ordinary Shares, Preference Shares and Units comprising the Scheme Share Stapled Units, and (ii) the withdrawal of the listing of Share Stapled Units on the Stock Exchange. The Cancellation Price of HK\$4.80 per Scheme Share Stapled Units cancelled and extinguished will be paid by the Offeror.

As at the Latest Practicable Date:

- (a) the share capital of the Company consisted of Ordinary Shares and Preference Shares. The authorized share capital of the Company was HK\$5,000,000 divided into 5,000,000,000 Ordinary Shares and 5,000,000,000 Preference Shares; and

- (b) there were 2,000,000,000 Share Stapled Units in issue, among which 1,335,319,000 Share Stapled Units (representing approximately 66.77% of the total Share Stapled Units in issue) were held by the Offeror and the remaining 664,681,000 Share Stapled Units (representing approximately 33.23% of the total Share Stapled Units in issue) were the subject of the Scheme Share Stapled Units. There were no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Share Stapled Units.

The total amount of cash required for the Proposal is approximately HK\$3,190.5 million, including the payment to the Offeror Concert Parties and the Independent Holders of Scheme Share Stapled Units.

The Offeror intends to finance the cash required for the Proposal through debt financing, pursuant to which CMB Wing Lung Bank Limited, as lender, has provided an unsecured loan facility to the Offeror in an aggregate amount equal to HK\$3,300 million.

DBSAC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

4. IRREVOCABLE UNDERTAKINGS

The Offeror has received the Irrevocable Undertakings from the Participating Unitholders, pursuant to which each Participating Unitholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the Participating Units held or owned by him/it at the Unitholders Meeting, the Court Meetings and the EGM in favour of all the resolutions to approve the Proposal, the Scheme and any matters in connection with the Proposal and the Scheme (where applicable). The 503,266,000 Participating Units held in aggregate by the Participating Unitholders, which are the subject of the Irrevocable Undertakings, represented (i) approximately 25.16% of the total Share Stapled Units in issue as at the Latest Practicable Date; (ii) approximately 75.81% of the total Share Stapled Units held by the Independent Holders of Scheme Share Stapled Units as at the Latest Practicable Date; and (iii) in relation to Proposal Condition (b), approximately 75.81% of the Units held by the Independent Unitholders as at the Latest Practicable Date. Further, each Participating Unitholder has undertaken, including without limitation, not to (i) sell, transfer or otherwise dispose of the respective Participating Units; and (ii) enter into any arrangement which would or might impede giving effect to the Proposal or the undertaking given by it under the relevant Irrevocable Undertaking.

The Irrevocable Undertakings will be terminated if the Proposal is not approved or the Proposal otherwise lapses or is withdrawn.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and the Offeror Concert Parties had received any irrevocable commitment from any Holders of Share Stapled Units in respect of voting at the Meetings.

5. HOLDING STRUCTURE OF THE SHARE STAPLED UNITS

As at the Latest Practicable Date:

- (a) there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit comprised the following securities or interests in securities:
 - i. a Unit;
 - ii. the beneficial interest in a specifically identified Ordinary Share of HK\$0.0005 each 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
 - iii. a specifically identified Preference Share of HK\$0.0005 each of the Company stapled to the Unit;
- (b) the share capital of the Company consisted of Ordinary Shares and Preference Shares. The authorized share capital of the Company was HK\$5,000,000 divided into 5,000,000,000 Ordinary Shares and 5,000,000,000 Preference Shares; and
- (c) among the 2,000,000,000 Share Stapled Units in issue:
 - i. the Offeror held an aggregate of 1,335,319,000 Share Stapled Units, representing approximately 66.77% of the total Share Stapled Units in issue;
 - ii. the Offeror Concert Parties held in aggregate 834,500 Share Stapled Units, representing approximately 0.04% of the total Share Stapled Units in issue;
 - iii. members of the DBS Group, being a party acting in concert with the Offeror, did not legally or beneficially own, control or have direction over any Share Stapled Units, save for the 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) held by DBS Bank on a proprietary basis acting in the capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., the 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or as an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with; and

- iv. the Independent Holders of Scheme Share Stapled Units legally or beneficially owned, controlled or had direction over a total of 663,846,500 Share Stapled Units (including the 24,250,000 Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader), representing approximately 33.19% of the total Share Stapled Units in issue.

The table below sets out the holding structure of the Share Stapled Units, to the best knowledge of the Boards, (i) as at the Latest Practicable Date; and (ii) on the basis that the Proposal becomes effective, immediately upon completion of the Proposal:

Holders of Share Stapled Units	As at the Latest Practicable Date		Upon completion of the Scheme	
	<i>Number of Share Stapled Units</i>	<i>%</i>	<i>Number of Share Stapled Units</i>	<i>%</i>
Offeror	1,335,319,000	66.77	1,335,319,000	100
Offeror Concert Parties				
Mr. Li Congrui	350,000	0.02	–	–
Mr. Jiang Nan	484,500	0.02	–	–
Total of the Offeror Concert Parties	834,500	0.04	–	–
Total of the Offeror and the Offeror Concert Parties	1,336,153,500	66.81	1,335,319,000	100
Participating Unitholders				
童錦泉 (Tong JinQuan) ⁽¹⁾	190,643,500	9.53	–	–
陸士慶 (Lu Shiqing)	160,101,000	8.01	–	–
Camden Medical Centre Private Limited	60,850,000	3.04		
Shanghai Construction Overseas (Holdings) Limited	28,971,500	1.45	–	–
HPRY Holdings Limited ⁽²⁾	27,000,000	1.35	–	–
Ho Lee Group Trust ⁽³⁾	21,700,000	1.09		
Wii Pte. Ltd. ⁽²⁾	14,000,000	0.70	–	–
Total of the Participating Unitholders	<u>503,266,000</u>	<u>25.16</u>	<u>–</u>	<u>–</u>
Independent Holders of Scheme Share Stapled Units excluding Participating Units⁽³⁾	<u>160,580,500</u>	<u>8.03</u>	<u>–</u>	<u>–</u>
Total	<u>2,000,000,000</u>	<u>100.00</u>	<u>1,335,319,000</u>	<u>100</u>

Notes:

1. Out of the 190,643,500 Share Stapled Units, 619,500 Share Stapled Units are directly held by Mr. Tong JinQuan and 190,024,000 Share Stapled Units are held by Wealthy Fountain Holdings INC (“**Wealthy Fountain**”), a company wholly-owned by Mr. Tong JinQuan. Therefore, Mr. Tong JinQuan is also deemed to be interested in the Share Stapled Units held by Wealthy Fountain.
2. Wii Pte. Ltd. is wholly owned by Wilmar International Limited (“**Wilmar International**”) (a company listed on the Singapore Stock Exchange Ltd). Mr. Kuok Khoon Hong (“**Mr. Kuok**”) is the chairman and chief executive officer of the board of directors of Wilmar International and a substantial shareholder of Wilmar International. HPRY Holdings Limited is wholly owned by Mr. Kuok.
3. Perpetual (Asia) Limited held these 21,700,000 Share Stapled Units in its capacity as the trustee of Ho Lee Group Trust.
4. Among the 160,580,500 Share Stapled Units held by the Independent Holders of Scheme Share Stapled Units excluding Participating Units, 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) were held by DBS Bank on a proprietary basis, acting in the capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with.
5. All percentages in the above table are approximations.

As at the Latest Practicable Date, there were no options, warrants or convertible securities in respect of the Share Stapled Units held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Share Stapled Units entered into by the Offeror and the Offeror Concert Parties. Jinmao Hotel and the Company did not have any warrants, options, derivatives, convertible securities or other securities in issue which are convertible into Share Stapled Units as at the Latest Practicable Date.

6. OFFEROR’S INTENTION REGARDING JINMAO HOTEL AND THE COMPANY

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.

Following implementation of the Proposal, the Offeror intends that the Group should continue carrying on its current business and does not intend to make any major changes to the current operations or to discontinue the employment of employees of the Group. The Offeror will continue to monitor the Group’s performance and implement appropriate strategies for the Group and its business in light of the challenging environment for hospitality industry in the PRC.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL**Facilitate long-term growth**

The Group is principally an asset owner of hotels and commercial properties in the PRC. These businesses currently face acute challenges arising from the global outbreak of COVID-19. The travel restrictions, quarantine measures and suspension of work imposed by many countries around the world have severely impacted the tourism and leasing industry. Although the Group has taken certain measures in response, its financial and trading prospects continue to be susceptible to the global fallout.

Despite the ongoing challenges, the Offeror remains committed to the Group's long-term prospects. The Offeror intends to implement the necessary transformations to the Group's property portfolio to steer through this difficult period, of which the Offeror will perform a comprehensive optimization and integration over all of its hotels (including those owned by the Group). Such centralized management is key to cost optimization and efficiency improvement, and is conducive to the unification of the personnel assessment and incentive mechanism. It is expected that such optimization and integration will improve the overall competitiveness of the hotels. For avoidance of doubt, the Group will still focus on hotel operation and management, and there will not be major changes to the current operation of the Group. There is no assurance on the success of the transformation and there could be adverse results to the Group's financial performance in the short to medium term, which may in turn affect the Group's ability to pay distribution in the future. The long term objectives are (i) to transform the Group into an internationally renowned and China's first-class hotel investor and operator; (ii) to stay committed to the ideology of "Innovation, Consolidation and Cooperation" (創新、整合、協作) in order to build the brand value and affiliated organisations; and (iii) to build the brand value and create a mutually beneficial platform for the benefit of the Group and the community as a whole through providing sustainable products, services and continuous policy innovation. The Proposal, if implemented, will give the Offeror greater flexibility to undertake the required transformation and make strategic decisions that align with the Group's long-term objectives, free from the short-term profit expectation, the pressure of market expectations, share price fluctuations and compliance requirements associated with maintaining the listing status of Jinmao Hotel and the Company.

Low liquidity of the Share Stapled Units

The liquidity of the Share Stapled Units has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 221,869 Share Stapled Units since the listing of the Share Stapled Units on the Stock Exchange on 2 July 2014 up to and including the Last Trading Day, representing approximately 0.011% of the total issued Share Stapled Units as at the Last Trading Day. Low trading liquidity of the Share Stapled Units renders it difficult for Holders of Share Stapled Units to execute substantial on-market disposals without adversely affecting the price of the Share Stapled Units. Further, the Directors (excluding members of the Independent Board Committee whose views are set out

in Part V of this Scheme Document) believe that such low liquidity hinders the ability of Jinmao Hotel and the Company to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group's business.

Attractive opportunity to realise investments

The Proposal is intended to provide the Holders of Scheme Share Stapled Units with an attractive opportunity to realise their investments in Jinmao Hotel and the Company for cash at a premium. The Cancellation Price of HK\$4.80 is higher than the highest closing price in the recent 18-month period. The Cancellation Price represents a premium of approximately (i) 30.4% over the closing price of the Share Stapled Units on the Last Trading Day; (ii) 57.9% over the average closing price of the Share Stapled Units for the 5 trading days up to and including the Last Trading Day; (iii) 72.7% over the average closing price of the Share Stapled Units for the 10 trading days up to and including the Last Trading Day; (iv) 82.5% over the average closing price of the Share Stapled Units for the 30 trading days up to and including the Last Trading Day; (v) 86.8% over the average closing price of the Share Stapled Units for the 60 trading days up to and including the Last Trading Day; and (vi) 64.4% over the average closing price of the Share Stapled Units for the 90 trading days up to and including the Last Trading Day.

The Boards have declared final and interim distributions in each of the three years ended 31 December 2017, 2018 and 2019 but the Trustee-Manager and the Company does not expect to declare any dividend or distribution before the Effective Date.

8. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00817). It is a large-scale developer and operator of quality real estate projects in the PRC. As of the Latest Practicable Date, the Offeror is owned as to 33.32% by Sinochem Hong Kong (Group) Company Limited, which in turn is wholly owned by Sinochem Corporation, which in turn is wholly owned by Sinochem Group. The Offeror is the platform enterprise of Sinochem Group in the development of real estate business. It is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations and finance and services. Sinochem Group is wholly owned by the SASAC. Therefore, the ultimate controlling shareholder of the Offeror is the SASAC.

9. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising the following independent non-executive Directors, namely Dr. Chen Jieping, Dr. Xin Tao and Mr. Tse Yung Hoi, has been established by the Boards to make a recommendation to the Independent Unitholders, the Independent Ordinary Shareholders (voting through the Trustee-Manager), the Independent Preference Shareholders and the Holders of Share Stapled Units as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meetings, and the Proposal at the Unitholders Meeting and the EGM.

Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, each being a non-executive Director, have abstained and will continue to abstain from voting at meetings of the Boards in relation to the Proposal given each of them has a material interest in the Proposal. Furthermore, as (i) Mr. Li Congrui and Mr. Jiang Nan are executive Directors of the Offeror and Mr. Zhang Hui is a member of the senior management of the Offeror, and (ii) Mr. Li Congrui and Mr. Jiang Nan are also shareholders and option holders of the Offeror and Mr. Zhang Hui is an option holder of the Offeror, they are not considered to be independent for the purpose of making a recommendation to the Proposal and are therefore precluded from joining the Independent Board Committee.

Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and Holders of Share Stapled Units are reminded to carefully read the Scheme Document, including letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee contained therein, before making a decision as to voting in respect of the Scheme at the Court Meeting of Scheme Preference Shareholders and the Proposal at the Unitholders Meeting and the EGM.

10. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Opus Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

11. WITHDRAWAL OF LISTING OF SHARE STAPLED UNITS

Upon the Proposal becoming effective, (i) all the Scheme Shares will be cancelled and extinguished pursuant to the Scheme; and (ii) the Scheme Units will be cancelled in accordance with the Trust Deed and pursuant to the relevant resolutions of the Holders of Share Stapled Units passed at the EGM. The Scheme Share Stapled Units certificates will thereafter cease to have effect as documents or evidence of title. The Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company will apply to the Stock Exchange for the withdrawal of the listing of the Share Stapled Units on the Stock Exchange immediately following the Proposal becoming effective. The Holders of Share Stapled Units will be notified by way of an announcement of the exact date of the last day for dealing in the Share Stapled Units and on which the Scheme, the Proposal and the withdrawal of the listing of the Share Stapled Units on the Stock Exchange will become effective. A detailed timetable of the Proposal is included in this Scheme Document.

Jinmao Hotel and the Company will be privatized by way of a scheme of arrangement (under section 86 of the Companies Law) in compliance with the Takeovers Code, Rule 6.15(2) of the Listing Rules, the corresponding cancellation and reduction of the Scheme Units pursuant to Clause 34.2 of the Trust Deed and all the relevant requirements, and it is the

intention of the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company not to retain the listing of the Share Stapled Units of Jinmao Hotel and the Company on the Stock Exchange after the implementation of the Proposal.

12. IF THE PROPOSAL IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any Proposal Condition has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Share Stapled Units on the Stock Exchange will not be withdrawn if the Proposal does not become effective.

If the Proposal is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Proposal is not approved or otherwise lapses, announce an offer or possible offer for the Share Stapled Units, except with the consent of the Executive.

Holders of Share Stapled Units and potential investors of Share Stapled Units should exercise caution when dealing in the securities of Jinmao Hotel and the Company. If they are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

13. OVERSEAS HOLDERS OF SCHEME SHARE STAPLED UNITS

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell Share Stapled Units or the solicitation of an offer to buy or subscribe for the Share Stapled Units in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Holders of Scheme Share Stapled Units who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Holders of Scheme Share Stapled Units are located. Such Holders of Scheme Share Stapled Units should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Holders of Scheme Share Stapled Units wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such holders in such jurisdiction.

As at the Latest Practicable Date, there were 20 holders of Share Stapled Units whose addresses as shown in the Share Stapled Units Register (the “**registered addresses**”) were outside Hong Kong and those holders of Scheme Share Stapled Units together held 37,004 Share Stapled Units (representing approximately 0.0019% of the total Share Stapled Units in issue as at the Latest Practicable Date). These 20 holders of Share Stapled Units included (i) one holder of Share Stapled Units in the United Kingdom holding 500 Share Stapled Units; (ii) two holders of Share Stapled Units in the Macao Special Administrative Region of the People’s Republic of China holding 30,000 Share Stapled Units in aggregate; (iii) two holders of Share Stapled Units in the United States of America holding 2 Share Stapled Units in aggregate; (iv) two holders of Share Stapled Units in the Cayman Islands holding 2 Share Stapled Units in aggregate; (v) eleven holders of Share Stapled Units in the People’s Republic of China holding 5,500 Share Stapled Units in aggregate; (vi) one holder of Share Stapled Units in the Republic of Singapore holding 500 Share Stapled Units; and (vii) one holder of Share Stapled Units in the British Virgin Islands holding 500 Share Stapled Units, respectively. The directors of the Offeror and the Directors had been advised by the local counsel in the aforementioned jurisdictions that there is no restriction under the respective laws or regulations of those jurisdictions against extending the Scheme and the Proposal automatically or dispatching this Scheme Document to those overseas holders of Share Stapled Units. The Scheme and the Proposal will be extended and this Scheme Document will be despatched to those overseas holders of Share Stapled Units.

Any acceptance by such Holders of Scheme Share Stapled Units will be deemed to constitute a representation and warranty from such persons to the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

14. FORMS OF PROXY AND VOTING PAPER REQUIREMENTS UNDER THE TRUST DEED

Unitholders Meeting and Court Meetings

The form of proxy and the form of voting papers provided for use in respect of the Unitholders Meeting shall, unless expressly stated otherwise in the relevant form, have the effect that the vote given in respect of Units either for or against a resolution shall also constitute an instruction to the Trustee-Manager to vote the same number of Scheme Ordinary Shares which are linked to the Scheme Units in the same way (either for or against) at the Court Meeting of Scheme Ordinary Shareholder. The votes cast by the holders of the Scheme Preference Shares at the Court Meeting of Scheme Preference Shareholders shall be deemed to have cast in the same ways as per their votes at the Unitholders Meeting.

In light of the above, the following arrangements will be in place for the form of proxy and voting papers for the Unitholders Meeting and Court Meetings:

(a) Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders

The form of proxy and the form of voting paper provided for use in respect of these two meetings will be combined, and the form of voting paper will be completed and collected at the Unitholders Meeting.

(b) Court Meeting of Scheme Ordinary Shareholder

The form of voting paper will only be made available to the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares), who will exercise its voting rights of the Scheme Ordinary Shares in the Court Meeting of Scheme Ordinary Shareholder in accordance with the votes cast by the Scheme Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.

EGM

In relation to the EGM, the form of proxy to be provided to Holders of Share Stapled Units, and the form of voting paper, will, in each case, be a single, composite, form such that the vote given in respect of the Share Stapled Units in question shall constitute:

- (a) a vote of the Units included in the Share Stapled Units, in respect of any required resolution of Unitholders;
- (b) a vote of the Preference Shares stapled to those Units in respect of any required resolution of holders of Preference Shares; and
- (c) an instruction to the Trustee-Manager to vote the number of Ordinary Shares linked to the relevant Units in the same way (either for or against) in respect of any required resolution of holders of Ordinary Shares.

Summary of the Unitholders Meeting, Court Meetings and the EGM

The table below summarises the meeting, voting, and forms of proxy/voting paper arrangements and the approval threshold for the Proposal:

Sequence of the meetings to be convened for the Proposal	Summary of the resolutions to be considered at the meeting	Approval threshold	Voting arrangement	Forms of proxy and voting paper arrangement
1. Unitholders Meeting	the Scheme and the Proposal	Conditions (a) and (b) above in the paragraph headed "2. The Proposal – Proposal Conditions" above in this part	A Unitholder (other than the Offeror) shall be entitled to cast a vote in respect of his Unit.	<p>A combined form of proxy and combined form of voting paper for both the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders.</p> <p>The vote for the Scheme Units shall also constitute the same vote for the Scheme Preference Shares on the same resolution.</p>
2. Court Meeting of Scheme Ordinary Shareholder	the Scheme	Conditions (c) and (d) above in the paragraph headed "2. The Proposal – Proposal Conditions" above in this part	In relation to condition (c) as set forth in the section headed "2. The Proposal – Proposal Conditions" above in this part, for the purposes of determining the majority in number of the holders of Scheme Ordinary Shares only, the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will cast one vote in accordance with the instructions of the majority of the votes which are cast by the Scheme Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.	The form of voting paper will only be made available to the Trustee-Manager.

Sequence of the meetings to be convened for the Proposal	Summary of the resolutions to be considered at the meeting	Approval threshold	Voting arrangement	Forms of proxy and voting paper arrangement
3. Court Meeting of Scheme Preference Shareholders	the Scheme	Conditions (e) and (f) above in the paragraph headed "2. The Proposal – Proposal – Conditions" above in this part	<p>In relation to conditions (c) and (d) (for the purposes of determining the value of the Scheme Ordinary Shares present and voting) as set forth in the section headed "2. The Proposal – Proposal Conditions" above in this part, the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will exercise the voting rights of the Scheme Ordinary Shares in the same proportion as the votes which are cast by the Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.</p> <p>The votes cast by the holders of the Scheme Preference Shares/Independent Preference Shareholders at the Court Meeting of Scheme Preference Shareholders shall be deemed to have cast in the same way as per their votes in the Unitholders Meeting.</p>	<p>A combined form of proxy and combined form of voting paper for both the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders.</p> <p>The vote for the Scheme Units shall also constitute the same vote for the Scheme Preference Shares on the same resolution.</p>

Sequence of the meetings to be convened for the Proposal	Summary of the resolutions to be considered at the meeting	Approval threshold	Voting arrangement	Forms of proxy and voting paper arrangement
4. EGM	Reduction of share capital of the Company by cancelling and extinguishing the Scheme Shares, cancellation of the Scheme Units, and withdrawal of listing of Share Stapled Units	Condition (g) above in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part	A holder of Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit for each resolution.	The form of proxy and the form of voting paper of the EGM to be provided to Holders of Share Stapled Units will, in each case, be a single, composite, form.

Further details of the voting arrangements between the holders of Share Stapled Units and the Trustee-Manager are set out in the paragraph headed “14. Meeting requirements, voting rights and requirements, forms of proxy and voting paper requirements, and effect of Scheme of Arrangement under the Trust Deed” in Part VII Explanatory Statement of this Scheme Document.

15. THE SCHEME SHARE STAPLED UNITS, THE UNITHOLDERS MEETING, THE COURT MEETINGS AND THE EGM

As at the Latest Practicable Date, the Offeror held an aggregate of 1,335,319,000 Share Stapled Units, representing approximately 66.77% of the total number of issued Share Stapled Units, which would not constitute Scheme Share Stapled Units and would not be cancelled and extinguished upon the Proposal becoming effective. The 350,000 Share Stapled Units held by Mr. Li Congrui, 771,000 Share Stapled Units held by Mr. Zhang Hui, and 484,500 Share Stapled Units held by Mr. Jiang Nan, will form part of the Scheme Share Stapled Units and will be cancelled and extinguished upon the Proposal becoming effective.

The Offeror and the Offeror Concert Parties have undertaken to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

Members of the DBS Group, being a party acting in concert with the Offeror, did not legally or beneficially own, control or have direction over any Share Stapled Units, save for the 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) held by DBS Bank on a proprietary basis, acting in the capacity of an

exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., the 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or as an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with.

All Holders of Share Stapled Units will be entitled to attend the EGM and vote on, among other things, a special resolution to approve and give effect to (a) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (b) the cancellation of the Scheme Units; and (c) the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective.

The Offeror has undertaken that if the Scheme is approved at the Unitholders Meeting and the Court Meetings, it will cast the votes in respect of those Share Stapled Units held by it in favour of the resolutions to be proposed at the EGM.

16. COSTS OF THE SCHEME

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by Jinmao Hotel and the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, Jinmao Hotel, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

17. GENERAL

1. The Offeror confirmed that, as at the Latest Practicable Date:
 - (a) save as disclosed in paragraph headed “Holding Structure of the Share Stapled Units” in this section, none of the Offeror and the Offeror Concert Parties owned, controlled or had direction over any voting rights and rights over Share Stapled Units;
 - (b) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to Share Stapled Units between the Offeror and the Offeror Concert Parties and any other person which might be material to the Proposal;

- (c) save for the conditions disclosed in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part, there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Proposal and/or the Scheme;
 - (d) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to Share Stapled Units or the shares of the Offeror which might be material to the Proposal and/or the Scheme;
 - (e) none of the Offeror and the Offeror Concert Parties had borrowed or lent any Share Stapled Units or any other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Jinmao Hotel or the Company;
 - (f) there are no options, warrants or convertible securities in respect of the Share Stapled Units held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Share Stapled Units entered into by the Offeror and the Offeror Concert Parties;
 - (g) save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Proposal had been received by the Offeror and the Offeror Concert Parties;
 - (h) save for the Irrevocable Undertakings, there was no understanding, arrangement or agreement or special deal between (i) any Holders of Share Stapled Units and (ii) (a) the Offeror and the Offeror Concert Parties or (b) Jinmao Hotel, the Company, its subsidiaries or associated companies (including the Trustee-Manager); and
 - (i) save for the Cancellation Price, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and the Offeror Concert Parties to the Holders of Scheme Share Stapled Units or their concert parties.
2. Save for the proprietary dealing in the Share Stapled Units by members of the DBS Group as further detailed in “Appendix II – General Information of the Group and the Offeror – (3) Disclosure of Interests – (c) Dealings in the relevant securities of Jinmao Hotel and the Company”, during the Relevant Period, none of the Offeror or the Offeror Concert Parties had dealt for value in any Share Stapled Units, convertible securities, warranties, options and derivatives in respect of the Share Stapled Units.
3. The Trust Deed includes an Exchange Right for the benefit of the Registered Holders of Share Stapled Units. By passing an extraordinary resolution of the Registered Holders of Share Stapled Units, Registered Holders of Share Stapled Units may require that all (but not part only) of the Share Stapled Units in issue be exchanged on an one for one basis for the underlying Ordinary Shares held by the Trustee-Manager (as trustee-manager of Jinmao Hotel) that are linked to the Units being exchanged.

If the Exchange Right is exercised, Jinmao Hotel and the Trust Deed would terminate, the Units and Preference Shares would be exchanged with the Trustee-Manager (as trustee-manager of Jinmao Hotel) and cancelled pursuant to the exercise of the Exchange Right and the former Registered Holders of Share Stapled Units would become the holders of an equal number of listed Ordinary Shares. As at the Latest Practicable Date, the Exchange Right had not been exercised by any Registered Holders of Share Stapled Units.

18. UNITHOLDERS MEETING, COURT MEETINGS AND EGM

The Scheme is only between the Company and the Scheme Shareholders under the Companies Law, not the Unitholders with respect to Jinmao Hotel. To comply with the meeting requirements of the Trust Deed and the Articles of Association, a separate Unitholders Meeting will be required to be held immediately before the Court Meeting of Scheme Ordinary Shareholder to enable Unitholders (other than the Offeror) (i.e. holders of Scheme Units) to pass a resolution instructing the Trustee-Manager, as holder of the Scheme Ordinary Shares, on how to vote at the Court Meeting of Scheme Ordinary Shareholder.

In accordance with the direction of the Grand Court, the Court Meetings will be held for the purpose of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modification(s)). The Trustee-Manager (as the sole legal owner of the Ordinary Shares) will exercise its voting rights of the Ordinary Shares at the Court Meeting of Scheme Ordinary Shareholder in accordance with the votes conferred by the Units to which the Ordinary Shares are linked at the Unitholders Meeting. Following the Court Meeting of Scheme Ordinary Shareholder, all holders of Scheme Preference Shareholders whose names appear on the Register of Members and Hong Kong Register of Members as at the Court Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting of Scheme Preference Shareholders in person or by proxy.

In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited, being the registered holder of Share Stapled Units in CCASS, shall be permitted to vote once only, either “for” or “against” the Scheme in accordance with instructions from individual CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied.

In relation to the Court Meeting of Scheme Ordinary Shareholder, the Trustee-Manager, as the holder of the legal title to the Ordinary Shares shall be permitted to vote once only, either “for” or “against” the Scheme in accordance with the votes cast at the Unitholders Meeting held immediately prior to the Court Meeting of Scheme Ordinary Shareholder for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Ordinary Shareholder approve the Scheme under section 86(2) of the Companies Law has been satisfied. The Trustee-Manager shall specify the value of the Scheme Ordinary Shares cast in favour of the Scheme and the number of Unitholders who have given instructions to vote in favour and the value of Scheme Ordinary Shares cast against the Scheme and the number of

Unitholders who have given instructions to vote against and shall be treated as having voted in favour of and against the Scheme in the amount and for the value so specified for the purpose of ascertaining whether or not the requirement that seventy-five per cent. in value of the Scheme Ordinary Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied.

In relation to the Court Meeting of Scheme Preference Shareholders, in accordance with the Companies Law, the “75% in value” requirement will be met if the total value of the Scheme Preference Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Preference Shares voted at the Court Meeting of Scheme Preference Shareholders. In accordance with the Companies Law, the “majority in number” requirement will be met if the number of the holders of Scheme Preference Shares voting in favour of the Scheme exceeds the number of the holders of Scheme Preference Shares voting against the Scheme at the Court Meeting of Scheme Preference Shareholders. For the purpose of calculating the “majority in number” requirement, the number of the holder of Scheme Preference Shares, present and voting in person or by proxy, will be counted.

The EGM will be held immediately following the Unitholders Meeting and the Court Meetings have been concluded or adjourned for the purpose of considering and, if thought fit, passing resolutions to approve, among other things, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective. All Holders of Share Stapled Units whose names appear on the Share Stapled Units Register as at the EGM Record Date will be entitled to attend and vote in person or by proxy on such resolutions at the EGM.

At the EGM, a poll will be taken and each Holder of Share Stapled Unit present and vote, either in person or by proxy, will be entered to vote all of his/her/its Share Stapled Units in favour of (or against) the special resolution. Alternatively, such Holder of Share Stapled Unit may vote some of their Share Stapled Units in favour of the special resolution and any or all of the balance of their Share Stapled Units against the special resolution (and vice versa).

At the relevant EGM, the special resolution will be put to the vote by way of poll as required under Rule 13.39(4) of the Listing Rules.

Announcement(s) will be jointly made by Jinmao Hotel, the Company and the Offeror in relation to the results of the Unitholders Meeting, the Court Meetings and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast for and the number of votes cast against the Proposal or Scheme (as the case may be) and the number of CCASS Participants on whose instructions they are cast will be included in such announcement(s).

Notices of the Unitholders Meeting, the Court Meeting of Scheme Ordinary Shareholder, the Court Meeting of Scheme Preference Shareholders and the EGM are set out in Appendix IV, Appendix V, Appendix VI and Appendix VII, respectively, to this Scheme Document.

19. ACTIONS TO BE TAKEN BY THE HOLDERS OF SHARE STAPLED UNITS

Your attention is drawn to the headed “Actions to be taken – Actions to be taken by the Holders of Share Stapled Units” set out in Part II of this Scheme Document.

20. RECOMMENDATIONS

Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Opus Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. The text of the letter of advice from the Independent Financial Adviser containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in Part VI of this Scheme Document. We would advise you to read this letter and the letter of advice from the Independent Financial Adviser carefully before you take any action in respect of the Proposal.

The Independent Board Committee has considered the terms of the Proposal and taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendation as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. The Independent Board Committee’s recommendation is set out in Part V of this Scheme Document.

As at the Latest Practicable Date, Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, each being a non-executive Director, had abstained and would continue to abstain from voting at meetings of the Boards in relation to the Proposal given each of them had a material interest in the Proposal. Furthermore, as (i) Mr. Li Congrui and Mr. Jiang Nan are executive Directors of the Offeror and Mr. Zhang Hui is a member of the senior management of the Offeror, and (ii) Mr. Li Congrui and Mr. Jiang Nan were also shareholders and option holders of the Offeror and Mr. Zhang Hui was an option holder of the Offeror, they were not considered to be independent for the purpose of making a recommendation to the Proposal and were therefore precluded from joining the Independent Board Committee.

21. TAXATION

Your attention is drawn to the paragraph headed “22. Taxation” as set out in Part VII of this Scheme Document.

It is emphasized that none of the Trustee-Manager, Jinmao Hotel, the Company, the Offeror, parties acting in concert with them or presumed to be acting in concert with them and their respective professional advisers or any of their respective directors or associates or any other person involved in the Proposal accepts responsibility for any tax or other effects on, or liabilities of, any person or persons as a result of the implementation or otherwise of the Proposal.

22. FURTHER INFORMATION

You are urged to read carefully the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the Explanatory Statement, the Scheme of Arrangement and the notices of the Unitholders Meeting, the Court Meetings and the EGM contained in this Scheme Document and the other appendices to this Scheme Document.

Yours faithfully,

For and on behalf of the Boards of

Jinmao (China) Investments Manager Limited

and

Jinmao (China) Hotel Investments and Management Limited

LI Congrui

Chairman

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)

***Directors of the Trustee-Manager and
the Company******Non-executive Directors:***

Mr. LI Congrui (*Chairman*)

Mr. ZHANG Hui

Mr. JIANG Nan

Executive Director and***Chief Executive Officer:***

Mr. TANG Yong

Independent Non-executive Directors:

Dr. CHEN Jieping

Dr. XIN Tao

Mr. TSE Yung Hoi

Registered office of the Company

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman

KY1-1111, Cayman Islands

***Principal Place of Business in Hong Kong
of the Company***

Rooms 4702-03, 47th Floor, Office Tower

Convention Plaza, No. 1 Harbour Road

Wanchai, Hong Kong

Registered Office of the Trustee-Manager

Rooms 4702-03, 47th Floor, Office Tower

Convention Plaza, No. 1 Harbour Road

Wanchai, Hong Kong

Hong Kong, 17 August 2020

To the Holders of Share Stapled Units

Dear Sir or Madam,

**(1) PROPOSED PRIVATIZATION OF JINMAO HOTEL AND THE COMPANY
BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 86 OF
THE COMPANIES LAW OF THE CAYMAN ISLANDS AND CLAUSE 34.2 OF
THE TRUST DEED**

AND

(2) PROPOSED WITHDRAWAL OF LISTING

We refer to the scheme document (the “**Scheme Document**”) dated 17 August 2020 jointly issued by Jinmao Hotel, the Company and the Offeror in relation to the Proposal, of which this letter forms part. Unless the context requires otherwise, terms used in this letter shall have the same meaning as given to them in the Scheme Document.

We have been appointed by the Boards as the Independent Board Committee to advise the Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and Holders of Share Stapled Units in respect of the Proposal.

Opus Capital has been appointed, with our approval, as the Independent Financial Adviser in respect of the Proposal.

We wish to draw your attention to (a) the letter from the Boards as set out in Part IV of the Scheme Document; (b) the letter from the Independent Financial Adviser as set out in Part VI of the Scheme Document which sets out the factors and reasons taken into account by the Independent Financial Adviser in arriving at its recommendations; and (c) the Explanatory Statement as set out in Part VII of the Scheme Document.

Having considered the terms of the Scheme and the Proposal and having taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in the letter from the Independent Financial Adviser, we consider the terms of the Scheme and the Proposal are fair and reasonable so far as the Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and Holders of Share Stapled Units are concerned.

Accordingly, we recommend:

- (1) at the Unitholders Meeting, the Independent Unitholders to vote in favour of the resolution to approve the Proposal (including the Scheme);
- (2) at the Court Meeting of Scheme Ordinary Shareholder, the Independent Ordinary Shareholders (voting through the Trustee-Manager) to vote in favour of the resolution to approve the Scheme;
- (3) at the Court Meeting of Scheme Preference Shareholders, the Independent Preference Shareholders to vote in favour of the resolution to approve the Scheme; and
- (4) at the EGM, the Holders of Share Stapled Units to vote in favour of a special resolution to approve and give effect to, among others, the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, the cancellation of the Scheme Units, and the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective.

Yours faithfully,

Independent Board Committee

Dr. Chen Jieping

Dr. Xin Tao

Mr. Tse Yung Hoi

*Independent non-executive
Director*

*Independent non-executive
Director*

*Independent non-executive
Director*

Set out below is the letter of advice from Opus Capital, the Independent Financial Adviser, to the Independent Board Committee, which has been prepared for the purpose of inclusion in this Scheme Document.



18th Floor, Fung House
19-20 Connaught Road Central
Central, Hong Kong

17 August 2020

To: The Independent Board Committee of Jinmao (China) Investments Manager Limited (as trustee-manager of Jinmao Hotel) and Jinmao (China) Hotel Investments and Management Limited

Dear Sir or Madam,

**(1) PROPOSED PRIVATIZATION OF JINMAO HOTEL AND THE
COMPANY BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS AND
CLAUSE 34.2 OF THE TRUST DEED**

AND

(2) PROPOSED WITHDRAWAL OF LISTING

INTRODUCTION

We refer to our appointment by the Trustee-Manager and the Company to advise the Independent Board Committee in connection with the Proposal, details of which are set out in the composite scheme document dated 17 August 2020 jointly issued by the Offeror, Jinmao Hotel and the Company (i.e. the Scheme Document), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as those defined in the Scheme Document unless the context requires otherwise.

Reference is made to the Announcement where on 7 June 2020, the Offeror, Jinmao Hotel and the Company jointly announced that the Offeror requested the Boards to put forward the Proposal for the privatization of Jinmao Hotel and the Company. The Proposal, if successfully approved and implemented, will involve (i) the cancellation and extinguishment of the Ordinary Shares, Preference Shares and Units comprising the Scheme Share Stapled Units; and (ii) the withdrawal of the listing of Share Stapled Units on the Stock Exchange. The Cancellation Price will be paid by the Offeror to the Holders of Scheme Share Stapled Units. The Proposal will be carried out by way of (i) a scheme of arrangement under Section 86 of the Companies Law in relation to the Scheme Shares; and (ii) Clause 34.2 of the Trust Deed in relation to the Scheme Units.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising the following independent non-executive Directors, namely Dr. Chen Jieping, Dr. Xin Tao and Mr. Tse Yung Hoi, has been established by the Boards to make a recommendation to the Independent Unitholders, the Independent Ordinary Shareholders (voting through the Trustee-Manager), the Independent Preference Shareholders and the Holders of Share Stapled Units as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meetings, and the Proposal at the Unitholders Meeting and the EGM. Our appointment as the Independent Financial Adviser to advise the Independent Board Committee in the same regard has been approved by the Independent Board Committee.

Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, each being a non-executive Director, have abstained and will continue to abstain from voting at meetings of the Boards in relation to the Proposal given each of them has a material interest in the Proposal. As (i) Mr. Li Congrui and Mr. Jiang Nan are executive directors of the Offeror and Mr. Zhang Hui is a member of the senior management of the Offeror; and (ii) Mr. Li Congrui and Mr. Jiang Nan are also shareholders and option holders of the Offeror and Mr. Zhang Hui is an option holder of the Offeror, they are not considered to be independent for the purpose of making a recommendation to the Proposal and are therefore precluded from joining the Independent Board Committee.

OUR INDEPENDENCE

We were appointed as (i) the independent financial adviser to advise the independent board committee and independent shareholders of the Offeror on certain continuing connected transactions (including the relevant annual caps) (the “**Past Offeror CCT IFA Appointment**”), details of the continuing connected transactions under the Past Offeror CCT IFA Appointment are set out in the circular of the Offeror dated 7 April 2020; and (ii) the independent financial adviser to advise the independent board committee and independent shareholders of the Offeror on the renewal of certain continuing connected transactions (the “**Current Offeror CCT IFA Appointment**”), details of the continuing connected transactions under the Current Offeror CCT IFA Appointment are set out in the circular of the Offeror dated 7 August 2020. The relevant continuing connected transactions under the Past Offeror CCT IFA Appointment and the Current Offeror CCT IFA Appointment are independent of the Proposal.

As at the Latest Practicable Date, we did not have any connection, financial or otherwise with the Offeror, Jinmao Hotel, the Company or any of their respective controlling shareholders, or any party acting, or presumed to be acting in concert with, or have control over any of them, which would create or likely to create the perception of a conflict of interest or reasonably likely to affect the objectivity of our advice. During the past two years, except the normal independent financial advisory fees paid or payable to us in connection with the Past Offeror CCT IFA Appointment, the Current Offeror CCT IFA Appointment and this appointment regarding the Proposal, no arrangements exist whereby we had received or will receive any fees or benefits from the Offeror, Jinmao Hotel, the Company or any of their respective controlling shareholders, or any party acting, or presumed to be acting in concert

with, or have control over any of them that could reasonably be regarded as relevant to our independence. We therefore consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the Proposal pursuant to Rule 2.6 of the Takeovers Code.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have reviewed, among other things:

- (i) the Announcement;
- (ii) Jinmao Hotel and the Company's annual report for the year ended 31 December ("FY") 2019 (the "**2019 Annual Report**");
- (iii) Jinmao Hotel and the Company's announcement dated 15 April 2020 with the title of "Unaudited Operational Data for the First Quarter of 2020 and Other Business Update" (the "**2020 Q1 Updates**"). Other business update refers to details provided by Jinmao Hotel and the Company in the 2020 Q1 Update with respect to (i) the Company's intention to increase revenue by enhancing the expansion of its asset-light business; and (ii) how the Company's communication process had adapted to the adverse impact of the COVID-19 pandemic (the "**Pandemic**") in the first quarter of 2020;
- (iv) Jinmao Hotel and the Company's interim results announcement dated 27 July 2020 for the six months ended 30 June ("HY") 2020 (the "**2020 Interim Results**"); and
- (v) other information as set out in the Scheme Document.

We have also discussed with and reviewed the information provided to us by the Company, the Directors and the management of the Trustee-Manager and the Group (collectively, the "**Management**") regarding the business and outlook of Jinmao Hotel and the Group (the "**Trust Group**").

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in the Scheme Document and the information and representations made to us by the directors of the Offeror and the Management. We have assumed that all information and representations contained or referred to in the Scheme Document and provided to us by the directors of the Offeror and the Management, for which they are responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or made and will continue to be so up to the Latest Practicable Date. Holders of the Share Stapled Units will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code. We have also assumed that all statements of belief, opinion, expectation and intention made by

the directors of the Offeror and the Management in the Scheme Document were made after due enquiries and careful consideration and there are no other facts not contained in the Scheme Document, the omission of which would make any such statement contained in the Scheme Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in the Scheme Document, or the reasonableness of the opinions expressed by the directors of the Offeror and the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the directors of the Offeror and the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Trust Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee solely in connection with and for their consideration of the Proposal, and except for its inclusion in the Scheme Document is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

We have not considered the tax and regulatory implications on the Holders of Scheme Share Stapled Units of acceptance or non-acceptance of the Proposal since these depend on their individual circumstances. In particular, the Holders of Scheme Share Stapled Units who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, consult their own professional advisers.

BACKGROUND AND SUMMARY OF THE PROPOSAL

Subject to the fulfilment or waiver (as applicable) of the Proposal Conditions, the proposed privatization of Jinmao Hotel and the Company (i.e. the Proposal) will be implemented by way of the Scheme. The following is a summary which sets out the principal terms and conditions of the Scheme and the benefits and rationale of the Proposal. For further details of the Proposal and the Scheme, please refer to the “Letter from the Boards” (the “**Letter from the Boards**”) and the “Explanatory Statement” as set out in Parts IV and VII of the Scheme Document, respectively.

1. Principal terms of the Scheme

Pursuant to the implementation of the Scheme, the Scheme Shares will be cancelled and extinguished and the Scheme Units will also be cancelled in accordance with the Trust Deed on the Effective Date. In consideration thereof, each Holder of Scheme Share Stapled Units will be entitled to receive the Cancellation Price, being HK\$4.80 in cash from the Offeror for each Scheme Share Stapled Unit cancelled and extinguished.

On the basis of the Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit and 664,681,000 Scheme Share Stapled Units (representing approximately 33.23% of the total Share Stapled Units in issue as at the Latest Practicable Date), the total amount of cash required for the Proposal is approximately HK\$3,190.5 million, including the payment to the Offeror Concert Parties and the Independent Holders of Scheme Share Stapled Units.

Based on the Cancellation Price and the number of Share Stapled Units in issue as at the Latest Practicable Date, the Proposal valued Jinmao Hotel and the Company at approximately HK\$9,601.3 million.

Holders of the Scheme Share Stapled Units should note that according to the Letter from the Boards, the Offeror will not increase the Cancellation Price and does not reserve the right to do so. The Offeror has been bound by this statement and will not be allowed to increase the Cancellation Price.

2. Proposal Conditions

The Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all Holders of Share Stapled Units, subject to the fulfilment or waiver (as applicable) of the Proposal Conditions contained in the paragraph headed “2. The Proposal – Proposal Conditions” in the “Explanatory Statement” as set out in Part VII of the Scheme Document. It is noted that the Trustee-Manager or the Company has no right to waive any of the Proposal Conditions and the Offeror reserves the right to waive certain Proposal Conditions but not the Proposal Conditions as listed below. We wish to highlight, among all the Proposal Conditions, the following Proposal Conditions are related to the approvals of the Proposal and the Scheme at the Meetings:

- (a) the approval of the Scheme and the Proposal (by way of poll) by a majority in number of the Unitholders (other than the Offeror) representing not less than 75% in value of the Scheme Units held by the holders of such Units present and voting either in person or by proxy at the Unitholders Meeting;
- (b) (i) the approval of the Scheme and the Proposal (by way of poll) by the Independent Unitholders holding at least 75% of the Units held by the Independent Unitholders that are voted either in person or by proxy at the Unitholders Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Unitholders present and

voting either in person or by proxy at the Unitholders Meeting against the resolution to approve the Scheme and the Proposal at the Unitholders Meeting is not more than 10% of the votes attaching to all Units held by all the Independent Unitholders;

- (c) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Ordinary Shares representing not less than 75% in value of the Scheme Ordinary Shares beneficially owned by the holders of such Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting through the Trustee-Manager;
- (d) (i) the approval of the Scheme (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares, representing at least 75% of the votes attaching to the Ordinary Shares beneficially owned by the Independent Ordinary Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Ordinary Shares beneficially owned by all the Independent Ordinary Shareholders;
- (e) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Preference Shares representing not less than 75% in value of the Scheme Preference Shares held by the holders of such Preference Shares present and voting either in person or by proxy at the relevant Court Meeting;
- (f) (i) the approval of the Scheme (by way of poll) by the Independent Preference Shareholders holding at least 75% of the votes attaching to the Preference Shares held by the Independent Preference Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Preference Shareholders present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Preference Shares held by all the Independent Preference Shareholders; and
- (g) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Holders of Share Stapled Units present and voting in person or by proxy at the EGM to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective.

For details of the other Proposal Conditions, please refer to the paragraph headed “2. The Proposal – Proposal Conditions” in the “Explanatory Statement” as set out in Part VII of the Scheme Document.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all Proposal Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Proposal Condition are of material significance to the Offeror in the context of the Proposal. All Proposal Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (i.e. 30 November 2020), failing which the Proposal will lapse. When all Proposal Conditions are satisfied or waived (as applicable), the Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all the Holders of Share Stapled Units (irrespective of whether or not they attended or voted at the Meetings).

3. Irrevocable Undertakings

We note that there has been strong support for the Proposal as evidenced by the fact that the Offeror has received the Irrevocable Undertakings from the Participating Unitholders, pursuant to which each Participating Unitholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the Participating Units held or owned by him/it at the Meetings in favour of all the resolutions to approve the Proposal, the Scheme and any matters in connection with the Proposal and the Scheme (where applicable). The 503,266,000 Participating Units held in aggregate by the Participating Unitholders, which are the subject of the Irrevocable Undertakings, represented (i) approximately 25.16% of the total Share Stapled Units in issue as at the Latest Practicable Date; (ii) approximately 75.81% of the total Share Stapled Units held by the Independent Holders of Scheme Share Stapled Units as at the Latest Practicable Date; and (iii) in relation to Proposal Condition (b), approximately 75.81% of the Units held by the Independent Unitholders as at the Latest Practicable Date. Each Participating Unitholder has undertaken, including without limitation, not to (i) sell, transfer or otherwise dispose of the respective Participating Units; and (ii) enter into any arrangement which would or might impede giving effect to the Proposal or the undertaking given by it under the relevant Irrevocable Undertaking.

The Irrevocable Undertakings will be terminated if the Proposal is not approved or the Proposal otherwise lapses or is withdrawn.

4. Expected timetable of the Proposal

The indicative timetable for the Proposal is set out in the expected timetable as set out in Part III of the Scheme Document. Based on such indicative timetable, the Holders of Scheme Share Stapled Units will receive their cash entitlements under the Scheme on or around October 2020 after the Scheme becomes effective. Further announcement will be made by the Offeror, Jinmao Hotel and the Company if there is any change to the timetable.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation for the Proposal, we have considered the following principal factors and reasons:

1. Business and financial information of Jinmao Hotel and the Company

1.1. Background of Jinmao Hotel and the Company

Jinmao Hotel and the Company was spun off (the “**Spin-off**”) from the Offeror (formerly known as Franshion Properties (China) Limited) as a separate listing (the “**Listing**”) on the Main Board of the Stock Exchange on 2 July 2014 (the “**Listing Date**”).

Jinmao Hotel is a fixed single investment trust with an initial focus on the hospitality industry in the People’s Republic of China. 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 comprising Grand Hyatt Shanghai (one of the eight hotels) and office, retail and tourist areas (“**Jin Mao Tower**”). The properties are all located in prime, strategic locations in top-tier cities (i.e. Shanghai, Shenzhen and Beijing) or tourist hot spots (i.e. Sanya, Lijiang and Xian) in the People’s Republic of China. Set out below is an extract of the property portfolio of the Trust Group from the 2019 Annual Report, comprised the following properties, all of which are located in the People’s Republic of China:

Table 1: Asset portfolio of the Trust Group (By category)

Category	Property	City	Total GFA (square meters)	Number of Rooms
1. Hotel	Grand Hyatt Shanghai	Shanghai	76,013	555
	Hilton Sanya Yalong Bay Resort & Spa	Sanya	75,208	501
	The Ritz-Carlton Sanya, Yalong Bay	Sanya	83,772	450
	The Westin Beijing Chaoyang	Beijing	77,945	550
	JW Marriott Hotel Shenzhen	Shenzhen	51,730	411
	Hyatt Regency Chongming	Shanghai	48,992	235
	Renaissance Beijing Wangfujing Hotel	Beijing	44,413	329
	Lijiang Jinmao Hotels	Lijiang	84,384	401
Subtotal			542,457	3,432
2. Office	Jin Mao Tower office (including the evacuation floors on the 15th floor and the 30th floor)	Shanghai	137,121	N/A
3. Retail	Shanghai J•LIFE at Jin Mao Tower	Shanghai	35,659	N/A
4. Tourist	Observation Deck on the 88th floor of Jin Mao Tower	Shanghai	1,885	N/A
5. Property Management	Shanghai Property Management	N/A	N/A	N/A
6. Consultancy management	Shanghai Jinmao Hotel Management Company Limited	N/A	N/A	N/A

Sources: The 2019 Annual Report and the 2020 Interim Results

All of the Trust Group’s properties (other than Jin Mao Tower) are standalone hotels. Most of the hotels are managed by globally renowned hotel management companies. Jin Mao Tower is an 88-storey landmark building in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building.

The principal activities of the Trust Group comprise hotel operations, property leasing and the provision of property management services in the People’s Republic of China. The Trust Group’s revenue is primarily derived from hotel rooms, food and beverage businesses, and ancillary services. The Trust Group’s gross rental income is derived from leasing the office and retail areas in Jin Mao Tower. The Trust Group also derives certain revenue from operating the observation deck in Jin Mao Tower and providing property management services.

1.2. Historical financial performance and financial positions of the Trust Group

Set out below is a summary of the consolidated financial information of the Trust Group for each of FY2018, FY2019, HY2019 and HY2020, which has been extracted from the 2019 Annual Report and the 2020 Interim Results.

Table 2: Summary of the consolidated financial information of the Trust Group

	FY2018	FY2019	HY2019	HY2020
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	2,564.9	2,473.7	1,218.6	611.2
<i>Hotel operations</i>	<i>1,864.3</i>	<i>1,767.2</i>	<i>882.3</i>	<i>336.3</i>
<i>Property leasing</i>	<i>499.0</i>	<i>480.5</i>	<i>231.1</i>	<i>192.5</i>
<i>Others</i>	<i>201.6</i>	<i>226.0</i>	<i>105.2</i>	<i>82.4</i>
Gross Profit	1,474.8	1,417.3	714.4	314.7
Earnings before interest, tax, depreciation and amortization (“EBITDA”) (Note 1)	1,005.5	992.4	496.8	163.4
Profit/(Loss) attributable to Holders of Share Stapled Units	250.4	246.4	166.3	(157.2)
Basic earnings/(loss) per Share Stapled Unit	RMB0.125	RMB0.123	RMB0.0832	(RMB0.0786)
Total distribution per Share Stapled Unit for the year/period	HK\$0.3343	HK\$0.3203	HK\$0.1660	nil

	As at 31 December 2019 RMB'million	As at 30 June 2020 RMB'million
Non-current assets	17,115.3	16,977.7
Current assets	896.2	1,002.6
Non-current liabilities	4,161.6	6,734.0
Current liabilities	8,389.7	6,406.2
Net assets	5,460.2	4,840.1
Net debt-to-adjusted capital ratio (Note 2)	83%	120%

Sources: The 2019 Annual Report and the 2020 Interim Results

Notes:

1. EBITDA includes the adjustment to the one-time pre-opening expenses and exchange gain or loss to better reflect the operating performance.
2. Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances)/(total equity + amount due to related parties).

Financial performance for FY2019

During FY2019, revenue of the Trust Group amounted to approximately RMB2,473.7 million, representing a decrease of approximately 3.7% from RMB2,564.9 million for FY2018, which was mainly attributable to the decrease in the revenue from the hotel operations and property leasing segments. In 2019, the Trust Group's revenue from hotel operations was approximately RMB1,767.2 million, representing a decrease of approximately 5.2% as compared to approximately RMB1,864.3 million in FY2018. The Trust Group's revenue from property leasing was approximately RMB480.5 million, representing a decrease of approximately 3.7% as compared to RMB499.0 million in FY2018. Revenue from others, primarily including the Observation Deck on the 88th floor of Jin Mao Tower, property management and asset-light business (including but not limited to tourism consultancy projects and hotel projects of small-and-medium-sized developers in second and third tier cities as disclosed in the 2019 Annual Report), increased by approximately 12.1% as compared to the previous year, which was mainly attributable to the increase in revenue from the Observation Deck on the 88th floor of Jin Mao Tower and asset-light business. The change in revenue from others is consistent with one of the Trust Group's strategy, which is to build a structure of asset-light and asset-heavy business with a combination of long-term and short-term investments.

The profit attributable to the Holders of Share Stapled Units for FY2019 slightly decreased by approximately RMB4.0 million or approximately 1.6%, from approximately RMB250.4 million for FY2018 to approximately RMB246.4 million for FY2019 which was mainly due to the decrease in revenue and increase in finance costs. As a result, earnings per Share Stapled Unit fell slightly from approximately RMB0.125 in FY2018 to approximately RMB0.123 in FY2019.

Financial performance for HY2020

Since the beginning of 2020, as a result of the outbreak of the Pandemic, the hospitality and travel industry has been devastated. During HY2020, revenue of the Trust Group declined sharply by approximately 49.8% from RMB1,218.6 million for HY2019 to approximately RMB611.2 million, which was mainly due to the outbreak of the Pandemic which had a material adverse impact on hotel operations of the Trust Group. The revenue from hotel operations was approximately RMB336.3 million, which declined the most amongst all the segments of the Trust Group, representing a decrease of approximately 61.9% as compared to approximately RMB882.3 million in HY2019. The revenue from property leasing, being the least affected business segment by the Pandemic, was approximately RMB192.5 million, representing a moderate decrease of approximately 16.7% as compared to RMB231.1 million in HY2019. Revenue from the others segment decreased by approximately 21.7% from approximately RMB105.2 million in HY2019 to approximately RMB82.4 million in HY2020.

The significant decline in revenue across all segments of the Trust Group had turned the profit-making position of the Trust Group into a net loss of approximately RMB157.2 million for HY2020. As a result, compared to an earnings per Share Stapled Unit of approximately RMB0.0832 in HY2019, the Trust Group booked a loss per Share Stapled Unit of approximately RMB0.0786 in HY2020.

Net assets

As disclosed in the 2020 Interim Results, the Trust Group's non-current assets as at 30 June 2020 mainly consisted of property, plant and equipment ("PPE"), investment properties, and right-of-use assets. The Trust Group's current assets as at 30 June 2020 mainly consisted of cash and cash equivalents. The Trust Group's non-current liabilities as at 30 June 2020 comprised interest-bearing bank borrowings and deferred tax liabilities. The Trust Group's current liabilities as at 30 June 2020 mainly consisted of interest-bearing bank and other borrowings and amount due to related parties.

As at 31 December 2018, 31 December 2019 and 30 June 2020, the Trust Group recorded net assets of approximately RMB5,829.8 million, RMB5,460.2 million and RMB4,840.1 million, respectively. Such decreasing trend was consistent with the understanding that over this period, the distributions made and paid by the Trust Group each year outweighed the retained earnings which was, to a large extent, subject to depreciation charges of the Trust Group's hotel properties for that year, as explained under the paragraph headed "Historical distributions" in this sub-section below.

PPE

As at 30 June 2020, the hotel portfolio consisted of 8 hotels of the Trust Group was accounted for as PPE which amounted to approximately RMB6,513.2 million, representing a slight decrease of approximately 1.8% from approximately RMB6,635.8

million as at 31 December 2019 mainly due to the depreciation charges during the period. The Trust Group's accounting policies stated that PPE, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line basis to write off the cost of each item of PPE to its residual value over its estimated useful life.

Investment properties

As at 30 June 2020, investment properties of the Trust Group were approximately RMB9,173.3 million (as at 31 December 2019: RMB9,168.9 million), which mainly comprised the office portions (excluding the self-use portions) of Jin Mao Tower, Shanghai J•LIFE, Beijing Wangfujing Quadrangle Courtyard and Jinmao Boill e-Wisdom Valley Executive Apartment. These investment properties are leased to related parties and third parties under operating leases. The slight increase in investment properties of the Trust Group as at 30 June 2020 compared to that of 31 December 2019 was mainly driven by the slight upward revaluation of the Trust Groups' investment properties conducted by C&W.

The above investment properties are stated at fair value, which reflects market conditions at the end of the reporting period according to the Trust Group's accounting policies. Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Right-of-use assets

The Trust Group leased certain of their office properties, staff quarters and an operating property under operating lease arrangements as a lessee as at 30 June 2020. It recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets accordingly to the Trust Group's accounting policies. The right-of-use assets are measured at cost, less any accumulated depreciation on a straight-line basis and any impairment losses, and adjusted for any remeasurement of lease liabilities.

Investment in an associate

On 5 December 2018, a wholly-owned subsidiary of the Trust Group entered into a limited partnership agreement in relation to the establishment of a fund namely Tianjin Xinmao Equity Investment Partnership (Limited Partnership) (天津信茂股權投資合夥企業(有限合夥)) (the “**Fund**”). The Fund holds 100% equity investment in Shaanxi Gulou Grand Hotel Company Limited (陝西鼓樓大酒店有限公司) (“**Shaanxi Gulou**”) and the primary assets of Shaanxi Gulou include a hotel namely Jinmao Hotel Xi’an Central, which is situated in the Drum Tower business circle, the core of tourism of Xi’an and comprise 160 rooms.

The Trust Group owned the Fund as an associate. The share of net assets from this associate amounted to approximately RMB61.6 million as at 30 June 2020 (as at 31 December 2019: RMB68.3 million). The Trust Group’s investment in an associate is stated in the consolidated statement of financial position at the Trust Groups’ share of net assets under the equity method of accounting, less any impairment losses.

Liquidity and gearing

As at 30 June 2020, the Group had cash and cash equivalents of approximately RMB737.6 million (as at 31 December 2019: RMB707.1 million). The Trust Group primarily uses its cash to fund working capital and daily recurring expenses of the property leasing and hotel operations, and the repayment of the Trust Group’s indebtedness. The Trust Group has financed its liquidity requirements primarily through internal resources, bank and other loans and issue of medium-term notes and short-term commercial papers.

The Trust Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. The net debt of the Trust Group as at 30 June 2020 amounted to approximately RMB7,876.6 million (as at 31 December 2019: RMB6,521.0 million) of which was mainly made up of total interest-bearing bank and other borrowings of RMB8,621.7 million (as at 31 December 2019: RMB7,241.6 million). The net debt-to-adjusted capital ratio of the Trust Group has reached over 80% as at 31 December 2019 and up to 120% as at 30 June 2020, representing a highly geared capital structure of the Trust Group.

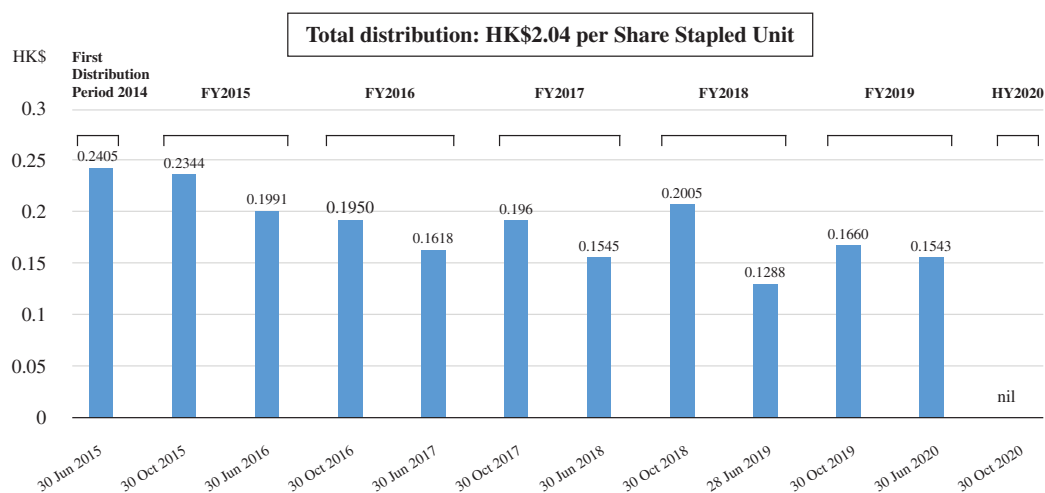
Historical distributions

As the Trust Group adopts the Share Stapled Units structure, the objectives of Jinmao Hotel and the Company are (i) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Articles of Association; and (ii) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which arise from the enhancement in the value of the Group’s portfolio of properties.

The Trust Deed and the Articles of Association state that, except with the prior approval of an ordinary resolution of Registered Holders of Share Stapled Units and subject to compliance with all applicable laws of the Cayman Islands and the Articles of Association, the Directors will declare and distribute 100% of the distributable income of the Company in respect of each financial year to the Trustee-Manager (the “**Group Distributable Income**”). The Trust Deed further requires the Trustee-Manager (on behalf of Jinmao Hotel) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the Ordinary Shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (the “**Trust Distributable Income**”) to the Holders of Share Stapled Units.

The Group Distribution Income received by the Trust-Manager from the Company is based on the audited consolidated profit attributable to the Holders of Share Stapled Units in respect of the relevant financial year or the relevant distribution period after giving effect to certain adjustments including, among others, (i) unrealized revaluation gains/losses, including impairment provisions and reversals of impairment provisions; (ii) impairment of goodwill/recognition of negative goodwill; and (iii) material non-cash gains/losses. Hence, due to the large depreciation charge on the Trust Group’s hotel properties, we understood that the amount of the Group Distributable Income has always been greater than the audited consolidated profit attributable to the Holders of Share Stapled Units at any given financial year. This is indeed one of the advantages of adopting the Share Stapled Units structure as higher distributions from the Trust Group are expected when compared to dividends that are distributed from accounting profit of other listed issuers.

Since the Listing, due to the intensifying supply and demand imbalance of high-end hotels caused by the decelerating global and domestic growth which created operating pressure on the Trust Group, the net profit for the year/period, Group Distributable Income and the Trust Distributable Income as illustrated in Table 5 below for each of the period from the Listing Date to 31 December 2014 (the “**First Distribution Period 2014**”), FY2015, FY2016, FY2017, FY2018 and FY2019 has shown a general decreasing trend. As a result, the distribution per Share Stapled Unit has followed a similar downward trend, which amounted to HK\$0.2405, HK\$0.4335, HK\$0.3568, HK\$0.3505, HK\$0.3343, HK\$0.3203, respectively, for each of the First Distribution Period 2014, FY2015, FY2016, FY2017, FY2018 and FY2019, totaling approximately HK\$2.04 per Share Stapled Unit. As set out in the 2020 Interim Results, the hotel properties of the Trust Group were greatly impacted by the travel restrictions, social distancing measures and governmental actions in response to the Pandemic and the financial performance of the Trust Group for HY2020 deteriorated significantly as discussed in this section above. Given the loss-making position, the Trust Group will not pay any interim distribution for HY2020.

Table 3: Distribution per Share Stapled Unit since the Listing

Sources: Bloomberg and annual reports of Jinmao Hotel and the Company for the relevant financial years

Table 4: Distributions versus earnings

	First Distribution Period						
	2014	FY2015	FY2016	FY2017	FY2018	FY2019	HY2020
Net profit/(loss) for the year/period (RMB'million)	721 (Notes 1 and 2)	440 (Note 1)	375	220	250	246	(157.2)
Group Distributable Income (RMB'million)	182 (Note 1)	514 (Note 1)	612	608	565	564	nil
Trust Distributable Income (RMB'million)	382 (Note 1)	703 (Note 1)	612	608	565	564	nil
Distribution per Share Stapled Unit (HK\$)	0.2405	0.4335	0.3508	0.3505	0.3343	0.3203	nil

Sources: Bloomberg and annual reports of Jinmao Hotel and the Company for the relevant financial years

Notes:

- Based on the average exchange rates of HK\$1: RMB0.79404, HK\$1: RMB0.79457 and HK\$1: RMB0.81067 as extracted from Bloomberg, for the First Distribution Period 2014 and FY2015 respectively for illustrative purpose.
- The net profit represents the net profit of the Trust Group for FY2014 for comparison purpose.

1.3. Outlook of the Trust Group

2019 was already a difficult year for the Chinese hotel industry, affected by the external environment of decelerating global economic growth, rising protectionism and political tensions, the Pandemic which broke out in early 2020 was creating even more anxiety and pressure to the Chinese hoteliers. As set out in the 2019 Annual Report, the prosperity index of the hospitality industry, which is computed by a specific mathematical index model to quantify hotel employees' expectations of the future development of the hotel industry, for the 1st half of 2020 published by 浩華管理顧問公司 (Horwath HTL) a consulting firm and the division of Crowe Global specializing in hotel and tourism management consulting services in the Asia-Pacific region, has been falling to its lowest value since the second half of 2013. Throughout hotels nationwide, except for a few regions, performance fell across the board. In the background of a long-term steady growth in hotel supply but a decline in the growth of demand, the supply-demand imbalance has caused the decline in hotel occupancy and revenue per available room ("RevPAR"). Among which, the imbalance between supply and demand of high-end hotels has further intensified, and it is expected that this sub-market will continue to be under pressure going forward.

As set out in the 2020Q1 Updates, the outbreak of the Pandemic at the beginning of 2020 has produced a huge impact on the hospitality industry and the entire tourism industry in the People's Republic of China. The hotel and tourism businesses of the Trust Group were also significantly affected. The affiliated hotels of the Trust Group maintained operations during the Pandemic. However, occupancy fell sharply. Likewise given the operational safety considerations and in response to the relevant governmental requirements, the tourism business of Jin Mao Tower has been closed in late January 2020. As advised by the Management, the leasing of the office premises at Jin Mao Tower is expected to remain resilient in the short-term but there remains uncertainty for the future. Despite the prompt and comprehensive measures implemented by the Trust Group at the outset of the Pandemic, RevPAR and occupancy of the Trust Group's hotels were still hit hard during the Pandemic where quarter-on-quarter accumulated RevPAR of the Trust Group's hotels for the first quarter of 2020 fell by various degrees ranging from approximately 56.2% to 72.1% while quarter-on-quarter accumulated occupancy of the Trust Group's hotels for the first quarter of 2020 fell by more than 60%.

According to the market statistics of STR, Inc. ("STR"), a market data provider on the hotel industry worldwide which, according to its website, currently tracks 68,000 hotels in 180 countries, and has operation internationally in Asia Pacific, Central & South America, Europe, Middle East & Africa and North America, measured in RMB and comparing May 2020 against May 2019, STR highlighted that, in general, occupancy, average daily rate and RevPAR of hotels in China fell by approximately 33.7%, 24.5% and 50.0%, respectively. Given that the prevention and control policies to combat the Pandemic in various regions of China remain stringent and people continue to be cautious with regards to travelling and business trips, coupled with the cancellation of conventions and exhibitions, the consumption of the tourism industry and the hospitality industry for the first half of FY2020 remained depressed as compared with that in the same period of

FY2019. The disappointing interim results of the Trust Group for HY2020 was a manifestation of the dampening effects created by the Pandemic on the financial performance of the Trust Group. In light of the latest development of the Pandemic in the second quarter of 2020, the epidemic conditions in China stabilized coupled with the resumption of work and production, hotel occupancy in some Southern coastal cities such as Shanghai, Shenzhen and Sanya rebounded, although they remained far from that in the corresponding period of 2019.

In the second quarter of 2020, China tourism industry experienced a gradual rebound under regular epidemic prevention. According to 同程藝龍 (Tongcheng-Elong), an online travel agency giant, over 85% of hotels across China have resumed operations as at 30 April 2020, showing signs that the Chinese hotel industry is still able to gradually recover from the Pandemic by adjusting its strategy quickly.

As mentioned in the 2020 Interim Results, although the epidemic in the People's Republic of China has stabilized and the situation has improved, the Pandemic continues to rage on a global scale. All inbound and outbound travels have been basically suspended. With the demand for international travel and social gatherings remains low, the hospitality business will continue to be materially affected for a certain period of time. Given the Pandemic's detrimental impact on the Trust Group's financial results of HY2020, no payment of interim distribution for HY2020 will be made to the Holders of Share Stapled Units.

On the other hand, the property leasing segment of the Trust Group felt similar pressure from decentralization trends in the central business districts. The impact of the Pandemic on the property leasing segment of the Trust Group, however, has not been as severe. Notably, as reported by Knight Frank and Savills, both being the leading global real estate industry advisers, the average vacancy rate in Shanghai Grade-A office market for the first quarter of 2020 only increased slightly by approximately 0.6% quarter-on-quarter to approximately 14.0% which was mainly caused by the weaker market demand and the decrease of leasing activities during the relevant period while vacancy rate in Shanghai prime retail areas for the first quarter of 2020 increased by approximately 1.4% quarter-on-quarter to approximately 7.4%. Many Shanghai landlords gave rental concessions to struggling tenants as a temporary measure in response to the Pandemic and we understood Jin Mao Tower also followed suit to demonstrate solidarity during these times. The industry advisers pointed out that the biggest downside risk for Shanghai's investment property market is a slower recovery in the People's Republic of China economy. Based on our discussion with the Management and C&W, given the status, quality and prime location of Jin Mao Tower at the heart of Lujiazui Finance and Trade Zone of Shanghai, we understood and concurred with the Management and C&W that the outlook for the Trust Group's property leasing segment in the short to medium remains to be cautiously positive. With the high quality of the property and professional services, Jin Mao Tower office retained existing major clients and took flexible sales strategies to firmly grasp new leases for small and medium size properties and rental renewals in HY2020. As a result, as at 30 June 2020, Jin Mao Tower office was still be able to achieve

an occupancy of 92.4% (as at 31 December 2019: 92.7%), which was far above the market average. On the other hand, as at 30 June 2020, Shanghai J•LIFE, located on the six-level podium of Jin Mao Tower, has also achieved an occupancy of 95.5% (as at 31 December 2019: 99.3%).

As the road to recovery for the Chinese hospitality industry are subject to many factors, such as the effectiveness and the stringency of the prevention and control policies of not only the People's Republic of China but the global community, the global economic outlook, the general attitude of domestic and international tourists on travelling within and into China during and after this Pandemic period, etc., the Trust Group's outlook remains uncertain in the short to medium term.

2. Reasons for and benefits of the Proposal

The directors of the Offeror at the time of the Listing were of the view that as a company with a single clear initial focus on the hospitality industry in the People's Republic of China and as a dedicated owner and investor of luxury hotel portfolio, the value the Trust Group would be unlocked and valued on a standalone basis. The Spin-off was expected to align the Trust Group's mature and stable cash flow generating characteristic with the appropriate investor base that would favour a clearly expressed distribution policy and pure-play investments, would increase visibility of the Trust Group's future earnings and encourage direct research coverage, resulting in a more transparent and fairer valuation of the Trust Group. The directors of the Offeror at the time were also of the view that as a result of the Spin-off, among others, the Offeror and the Trust Group would have separate fundraising platforms in the equity and debt capital markets, which would increase financing flexibility for both parties to support their respective growth. It was also envisaged that a separate listing of Jinmao Hotel and the Company would also provide clarity to the credit profile of the Trust Group and to financial institutions that wish to analyse and lend against the credit rating of a hospitality business.

After six years since the Spin-off, the Directors cited the following as the reasons for benefits of the Proposal. We have also set out below our corresponding analysis of these reasons and benefits.

Facilitate long-term growth

As set out in the Letter from the Boards, the Trust Group's principal businesses of hotels and commercial properties in the People's Republic of China are currently facing acute challenges arising from the global outbreak of the Pandemic. The travel restrictions, quarantine measures and suspension of work imposed by many countries around the world have severely impacted the tourism and leasing industry. Despite efforts made by the Trust Group to counter-response the negative impacts brought about by the Pandemic, the Trust Group's financial and trading prospects continue to be susceptible to the global fallout which echo with our analysis as set out in the sub-section headed "1.3. Outlook of the Trust Group" above.

Under the circumstances, we understood the Offeror remains committed to the Trust Group's long-term prospects. As set out in the Letter from the Boards, the Offeror intends to implement the necessary transformations to the Trust Group's property portfolio to steer through this difficult period, of which the Offeror will perform a comprehensive optimization and integration over all of its hotels (including those owned by the Group). Such centralized management is key to cost optimization and efficiency improvement, and is conducive to the unification of the personnel assessment and incentive mechanism. It is expected that such optimization and integration will improve the overall competitiveness of the hotels. For avoidance of doubt, the Group will still focus on hotel operation and management, and there will not be major changes to the current operation of the Group. There is no assurance on the success of the transformation and there could be adverse results to the Trust Group's financial performance in the short to medium term, which may in turn affect the Trust Group's ability to pay distribution in the future. The Proposal, if implemented, will give the Offeror greater flexibility to undertake the required transformation and make strategic decisions that align with the Trust Group's long-term objectives (i.e. (i) to transform the Trust Group into an internationally renowned and China's first-class hotel investor and operator; (ii) to stay committed to the ideology of "Innovation, Consolidation and Cooperation" (創新、整合、協作) in order to build the brand value and affiliated organizations; and (iii) to build the brand value and create a mutually beneficial platform for the benefit of the Trust Group and the community as a whole through providing sustainable products, services and continuous policy innovation), free from the short-term profit expectation, the pressure of market expectations, share price fluctuations and compliance requirements associated with maintaining the listing status of Jinmao Hotel and the Company.

We note, however, the above are mainly reasons and motives of the Offeror to implement the Proposal. Holders of Scheme Share Stapled Units may wish to be mindful that should the Proposal lapse, the necessary transformations to the Trust Group's property portfolio to be brought about by the Offeror may adversely impact the Trust Group's financial performance in the short to medium term which will ultimately impact on the future distributions of the Trust Group.

Low liquidity of the Share Stapled Units

As set out in the Letter from the Boards, the liquidity of the Share Stapled Units has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 221,869 Share Stapled Units since the Listing on the Listing Date (i.e. 2 July 2014) up to and including the Last Trading Day, representing approximately 0.011% of the total issued Share Stapled Units as at the Last Trading Day and approximately 0.033% of the total number of Share Stapled Units held by public as at the Last Trading Day. Low trading liquidity of the Share Stapled Units renders it difficult for Holders of Share Stapled Units to execute substantial on-market disposals without adversely affecting the price of the Share Stapled Units. As such, the Directors believe that such low liquidity hinders the ability of the Trust Group to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group's business.

Our research as set out in the section headed “4. Trading volume of the Share Stapled Units” below confirms the above details cited by the Directors. Given the thin liquidity of the Share Stapled Units as illustrated by our research under the said section below, we are of the view that the Proposal (by way of the Scheme) allows Holders of Scheme Share Stapled Units to dispose of their Share Stapled Units, particularly those Holders of Scheme Share Stapled Units holding a significant block of Scheme Share Stapled Units, in the open market without causing an adverse impact on the market price of the Share Stapled Units. In addition, we note all of the fund-raising activities conducted by the Trust Group after the Listing Date (i.e. 2 July 2014) up to and including the Last Trading Day were debt instruments issuances only. Such finding is supportive of the Directors’ view that the low liquidity level of the Share Stapled Units hinders the ability of the Trust Group to tap into the public equity market.

Attractive opportunity to realize investments

As set out in the Letter from the Boards, the Proposal is intended to provide the Holders of Scheme Share Stapled Units with an attractive opportunity to realize their investments in Jinmao Hotel and the Company for cash at a premium. The Cancellation Price of HK\$4.80 is higher than the highest closing price of HK\$4.73 in the recent 18-month period from 5 December 2018 to the Last Trading Day. The Cancellation Price represents a premium of approximately 30.4% over the closing price of the Share Stapled Units on the Last Trading Day while represents premiums of approximately 57.9%, 72.7%, 82.5%, 86.8% and 64.4% over the average closing prices of the Share Stapled Units for the 5, 10, 30, 60 and 90 trading days up to and including the Last Trading Day, respectively. The Cancellation Price also represents an attractive premium of approximately 57.4% over the audited net asset value (“NAV”) of the Company per Share Stapled Unit of approximately HK\$3.05 as of 31 December 2019 (based on the exchange rate of HK\$1: RMB0.89578, the central parity rate published by the People’s Bank of China (the “PBOC”) on its website as of 31 December 2019 for illustration purposes) although at a discount of 21.4% to the Reassessed NAV (as defined below), which nevertheless compared well against those of the Privatization Comparables (as defined below) that we identified in our research as set out in the sub-section headed “5. Evaluation of the Cancellation Price – 5.4. Privatization Comparables” below.

3. Valuation of the property interests of the Trust Group and the Reassessed NAV

3.1. Valuation of the property interests of the Trust Group

The valuation of the Trust Group’s property interests (the “**Property Valuation**”) as at 30 June 2020 was conducted by C&W, which is set out in the property valuation report (the “**Property Valuation Report**”) contained in Appendix VIII to the Scheme Document.

We have interviewed C&W and reviewed the Property Valuation Report with particular attention to: (i) enquire its experience and qualifications in conducting property valuation in the People’s Republic of China; (ii) its independence to the Offeror and the Trust Group; and (iii) the valuation methodologies, bases and assumptions adopted in the Property Valuation. After our review of the terms of engagement of C&W, we are satisfied that its scope of work is appropriate to perform the Property Valuation and we are not aware of any limitation on its scope of work which might have an adverse impact on the results of the Valuation. We noted that C&W has current and past engagements with the Offeror to provide valuation services for accounting purposes. We further noted that C&W has been engaged by the Trust Group to provide valuation services for annual reporting purposes since the Listing Date (i.e. 2 July 2014). Pursuant to the relevant requirements set out in the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors, C&W confirmed that it has resolved the relevant independence issue to conduct the Property Valuation as consent has been obtained from the Offeror in accordance with the relevant requirements set out in the HKIS Valuation Standards 2017. We further understood that C&W is certified with the relevant professional qualifications required to perform the Property Valuation and the person-in-charge of the Property Valuation has more than 27 years of experience in carrying out property valuations. As represented by C&W, it has assumed the information provided by the Management in relation to the Property Valuation to be true, accurate and complete and it has accepted it without verification. We also understood that C&W has performed site visits to each of the properties listed out in the Property Valuation Report. In view of the above, we are not aware of any matters that would cause us to have doubts on the expertise and independence of C&W.

According to the Property Valuation Report, the total market value of the property interests in existing state attributable to the Trust Group as at 30 June 2020 (the “**Total Market Value**”) was approximately RMB24.7 billion. Details of the Property Valuation in the Property Valuation Report are summarized below:

Table 5: Summary of the Property Valuation

Property	Valuation methodology	Market value in existing state attributable to the Trust Group as at 30 June 2020 (RMB)	Proportion of total
Group I			
Dormitory properties	Direct Comparison Method (as defined below)	144,000,000	0.6%

Property	Valuation methodology	Market value in existing state attributable to the Trust Group as at 30 June 2020 (RMB)	Proportion of total
Group II			
Commercial and office portions of Jin Mao Tower (i.e. investment properties)	Income Capitalization Method (as defined below)	9,277,500,000	37.6%
Single-storey retail building of a hotel property		99,300,000	0.4%
Group III			
Hotel properties (i.e. PPE)	Discounted Cash Flow Method (as defined below)	15,140,006,000	61.4%
Total		24,660,806,000	100.0%

As stated in the Property Valuation Report, the Property Valuation is conducted in compliance with the standards and guidelines set out in: (i) the HKIS Valuation Standards 2017 published by the Hong Kong Institute of Surveyors; (ii) Rule 11 of the Takeovers Code; and (iii) Chapter 5 and Practice Note 12 of the Listing Rules. We have discussed with C&W the methodologies and assumptions used in arriving at the market valuations of the properties being valued. C&W adopted the Income Capitalization Method, Discounted Cash Flow Method and Direct Comparison Method (as defined below) as the valuation methodologies for the Property Valuation.

The aggregate market value of Group I properties represented approximately 0.6% of the Total Market Value which were two dormitory properties. The two dormitory properties were staff dormitory building located in Sanya, Hainan Province and Lijiang, Yunnan Province which were mainly valued by using direct comparison method (the “**Direct Comparison Method**”). This method assumes sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market and taking into account relevant adjustments including but not limited to location, building age, building quality and property size. As advised by C&W, they are of the view that although Group I properties are currently used as staff dormitory by the Group, these properties can be leased out as well. As such, there will be a hypothetical rental income by making reference to comparable rent. It is noted that the appraised values obtained from Direct Comparison Method were cross-checked with the appraised values by adopting income capitalization method (the “**Income Capitalization Method**”) on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property or by reference to comparable market transactions and no notable discrepancy was noted.

The aggregate market value of Group II properties represented approximately 38.0% of the Total Market Value which comprised of: (i) the commercial and office portions of Jin Mao Tower in Shanghai, the market value of which represented approximately 37.6% of the Total Market Value; and (ii) the single-storey retail building of Renaissance Beijing Wangfujing Hotel in Beijing, the market value of which represented approximately 0.4% of the Total Market Value. The Group II properties were valued by Income Capitalization Method on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property or by reference to comparable market transactions. The relevant adjustments of the occupancy rates and the level of floors for the commercial and office portions of Jin Mao Tower were considered by C&W for valuing Group II properties.

The aggregate market value of Group III properties represented approximately 61.4% of the Total Market Value which comprised of nine hotel properties located in Shanghai, Beijing, Shenzhen, Sanya, Lijiang and Xian. The Group III properties, as they are properties used in business operation, were valued by using the discounted cash flow method (the “**Discounted Cash Flow Method**”) which involves discounting future net cash of each hotel property until the end of the unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. It is noted that C&W prepared a 10-year cash flow forecast with reference to: (i) the historical operating data including the occupancy rate and the average daily rate from January to April 2020; (ii) the current market condition; (iii) the anticipated market condition upon the recovery of the tourism and hospitality industry from the impact of the Pandemic; and (iv) the anticipated inflation rate.

We have reviewed and discussed the Property Valuation with C&W in respect of the valuation methodologies, bases and assumptions adopted in arriving at the value of the property interests. In particular, we have enquired C&W about the method of selecting relevant valuation methodologies for different types of properties used in the Property Valuation and assessed, cross-checked with industry data and discussed the bases and assumptions adopted for each type of properties in the Property Valuation. We understood that C&W considered the aforementioned valuation methodologies to be appropriate and relevant for each type of property (i.e. hotel, commercial retail, office and dormitory properties). In view of the above and the fact that the Property Valuation is conducted in accordance with the aforesaid standards and guidelines, we consider that the methodologies, bases and assumptions adopted by C&W in the Property Valuation to be reasonable and appropriate.

3.2. Reassessed NAV

The unaudited consolidated financial statements of the Trust Group for HY2020 are disclosed in the 2020 Interim Results. The unaudited NAV attributable to the Holders of Share Stapled Units as at 30 June 2020 were approximately RMB4,840.1 million.

It is noted that some of the property interests of the Trust Group (i.e. hotel properties) were stated at cost basis in accordance with the relevant Hong Kong Financial Reporting Standards as PPE. We consider the total appraised value of the properties in the Property Valuation attributable to the Holders of Share Stapled Units to be more appropriate to assess the net asset backing of the Trust Group. To further assess the fairness and reasonableness of the Cancellation Price, we have reviewed the calculations of the Reassessed NAV (as defined below) per Share Stapled Unit based on the unaudited NAV attributable to the Holders of Share Stapled Units as at 30 June 2020 and the relevant adjustments, which include the revaluation surplus arising from the Property Valuation, net of estimated deferred tax, as set out below:

Table 6: Calculation of the Reassessed NAV (as defined below)

	<i>RMB'million</i>
Unaudited NAV attributable to the Holders of Share Stapled Units as at 30 June 2020	4,840.1
Adjustments:	
Revaluation surplus arising from the Property Valuation (Note 1)	8,428.2
Estimated deferred tax associated with the revaluation surplus (Note 2)	(2,107.1)
Reassessed NAV of the Trust Group as at 30 June 2020 (the “ Reassessed NAV ”)	11,161.2
Reassessed NAV per Share Stapled Unit (RMB) (Note 3)	5.58
Reassessed NAV per Share Stapled Unit (HK\$) (Note 4)	6.11
Cancellation Price (HK\$)	4.80
Discount of the Cancellation Price to the Reassessed NAV per Share Stapled Unit	21.4%

Notes:

1. Represents the revaluation surplus (the “**Revaluation Surplus**”) arising from the excess of the market value of the property interests held by the Trust Group in existing state attributable to the Holders of Share Stapled Units of approximately RMB24.7 billion as at 30 June 2020, as appraised by C&W, over their corresponding book value attributable to the Holders of Share Stapled Units of approximately RMB16.3 billion as at 30 June 2020, after adjusting for relevant interests not attributable to the Trust Group. For those investment properties held by the Trust Group (which included the self-use portions of Jin Mao Tower), their market value as at 30 June 2020 amounted to approximately RMB9,376.8 million was at par with their corresponding total book value attributable to the Holders of Share Stapled Units as these investment properties were stated at fair value as at 30 June 2020.
2. Represents estimated deferred tax (the “**Estimated Deferred Tax**”) on the temporary differences between the market values of the property interests and the corresponding tax base used in computation of taxable profit. Deferred tax is calculated at tax rate of 25% for the People’s Republic of China corporate income tax. As advised by the Management, no land appreciation tax was estimated for the Trust Group under the relevant People’s Republic of China tax laws and regulations in view of the nature of the principal business activities of the Trust Group (i.e. hotel ownership and investment and property investment) and the way in which the transfers of such property assets are normally structured and transacted.
3. Based on 2,000,000,000 Share Stapled Units in issue as at the Latest Practicable Date.
4. Based on the exchange rate of HK\$: RMB0.91344, the central parity rate published by the PBOC on its website as of 30 June 2020 for illustration purposes.

As shown above, the Cancellation Price of HK\$4.80 represented a discount of approximately 21.4% to the Reassessed NAV per Share Stapled Unit of approximately HK\$6.11. We have reviewed the computation of the Reassessed NAV prepared by the Management and discussed with the Management in respect of the computation in respect of the Revaluation Surplus and the Estimated Deferred Tax. We therefore consider that the calculation of the Reassessed NAV per Share Stapled Unit to be appropriate. Further analysis in this regard is set out in the sub-section headed “5. Evaluation of the Cancellation Price – 5.4. Privatization Comparables” below.

4. Trading volume of the Share Stapled Units

The following table sets out the average daily trading volume of the Share Stapled Units for each month or period and the percentages of such average daily trading volume to the total issued Share Stapled Units and the public float during the period from 1 January 2019 to the Latest Practicable Date:

Table 7: Trading volume of the Company

Month	Average daily trading volume	Approximately% of average daily trading volume to the total issued Share Stapled Units (Note 1)	Approximately% of average daily trading volume to the public float (Note 2)
2019			
January	81,580	0.004%	0.012%
February	36,691	0.002%	0.006%
March	72,972	0.004%	0.011%
April	46,750	0.002%	0.007%
May	49,469	0.002%	0.007%
June	78,500	0.004%	0.012%
July	86,107	0.004%	0.013%
August	66,528	0.003%	0.010%
September	17,938	0.001%	0.003%
October	24,893	0.001%	0.004%
November	25,929	0.001%	0.004%
December	81,892	0.004%	0.012%
2019 average	55,771	0.003%	0.008%
2020			
January	55,577	0.003%	0.008%
February	35,625	0.002%	0.005%
March	127,500	0.006%	0.019%
April	72,429	0.004%	0.011%
May	189,000	0.009%	0.028%
June	2,792,579	0.140%	0.421%
July	303,387	0.015%	0.046%
August (From 1 August to the Latest Practicable Date)	93,996	0.005%	0.014%

Source: Bloomberg

Notes:

1. Based on the number of total issued Share Stapled Units as at each month end or the Latest Practicable Date.
2. Based on the number of Share Stapled Units held by the public as at each month end or the Latest Practicable Date.

As illustrated above, the average daily trading volume of the Share Stapled Units during the above period represented approximately 0.001% to 0.140% of the total issued Share Stapled Units and approximately 0.003% to 0.421% of the issued Share Stapled Units held by the public. We consider that the relatively high daily trading volume from March 2020 to May 2020 might have been attributable to the announcement of annual results for FY2019 on 24 March 2020. Since the publication of the Announcement, there has been heightened trading activities of the Share Stapled Units, reflecting the initial market reactions to the Proposal.

As illustrated in the above table, the trading of the Share Stapled Units was not active. Given the thin liquidity of the Share Stapled Units, it may be difficult for the Holders of Scheme Share Stapled Units to dispose of a significant number of Share Stapled Units in the open market without exerting downward pressure on the prices of the Share Stapled Units. The Proposal represents an opportunity for the Holders of Scheme Share Stapled Units to exit their investments at a fixed Cancellation Price which is at substantial premium over the prevailing market prices of the Share Stapled Units.

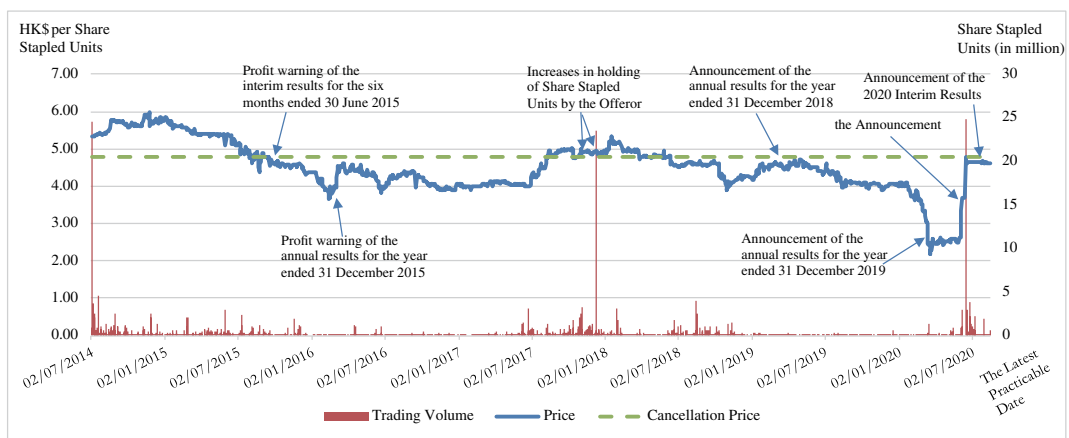
5. Evaluation of the Cancellation Price

As set out in the Letter from the Boards, the Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as of 31 December 2019, the Offeror's review of the Group's business and its future prospects, the prices of the Share Stapled Units traded on the Stock Exchange and other privatization transactions in Hong Kong in recent years. We have in turn assessed the Cancellation Price by way of the following.

5.1. Share Stapled Unit price performance

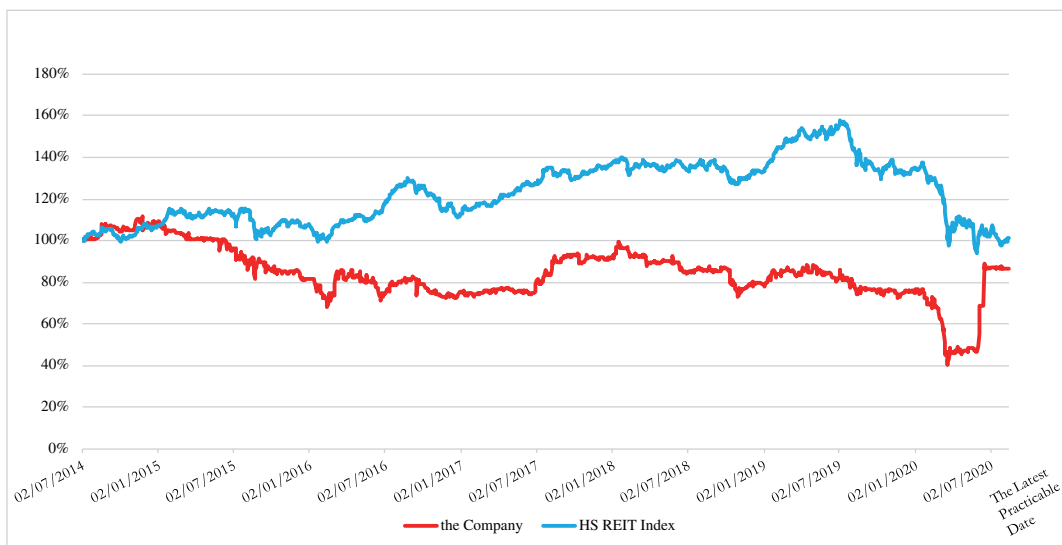
Set out below are the charts showing (i) the movements of daily closing prices and trading volume of the Share Stapled Units (i.e. Chart 1); and (ii) the comparison of the performance of the Share Stapled Unit prices with the Hang Seng REIT Index (the “**HS REIT Index**”), a benchmark that tracks the performance of real estate investment trusts (“**REITs**”) listed in Hong Kong (i.e. Chart 2), from 2 July 2014, being the Listing Date up to the Latest Practicable Date (the “**Review Period**”):

Chart 1: Movement of the Share Stapled Unit prices and trading volume during the Review Period



Sources: Bloomberg and the Stock Exchange

Chart 2: Comparison of performance of Share Stapled Unit prices with the HS REIT Index



Source: Bloomberg

As shown in Chart 1 above, the Share Stapled Units traded below the Cancellation Price since July 2018 and in fact most of the times during the Review Period. Out of the 1,510 trading days in the Review Period, the Share Stapled Units traded below the Cancellation Price in 1,048 of these trading days. Chart 2 above illustrates the performance of the Share Stapled Units compared to that of the HS REIT Index. The performance of the Share Stapled Units generally lagged behind the HS REIT Index since the beginning of the Review Period.

The closing prices of the Share Stapled Unit on the Listing Date (i.e. 2 July 2014), being the beginning of the period reviewed, and the Last Trading Day were HK\$5.35 and HK\$3.68, respectively. During the period from the Listing Date to 7 July 2015, the Share Stapled Units traded between HK\$5.10 and HK\$5.97 per Share. Subsequent to the announcement of the profit warning of interim results for HY2015 published on 30 July 2015, the Share Stapled Unit price declined and further reached a low of HK\$3.64 on 12 February 2016. The closing prices of the Share Stapled Units fluctuated between HK\$3.70 and HK\$5.02 during the period from 13 February 2016 to 26 October 2017, generally in line with the trend of the HS REIT Index. After the announcements of increase in holding of Share Stapled Units by the Offeror on 27 October 2017 and 9 November 2017, the Share Stapled Unit price reached a high of HK\$5.32 on 16 January 2018. Throughout the period from 17 January 2018 to 23 January 2020, the closing prices of the Share Stapled Units were in the range of approximately HK\$3.89 and HK\$5.25. Shortly after the outbreak of COVID-19 in China in late January as discussed in the sub-section headed “1. Business and financial information of Jinmao Hotel and the Company – 1.3. Outlook of the Trust Group” above, the Share Stapled Unit price decreased drastically to HK\$2.17 on 19 March 2020, being the lowest price at all times during the Review Period.

From the Listing Date to the Last Trading Day (the “**Pre-Announcement Period**”), the highest closing price of the Share Stapled Units was HK\$5.97 on 24 November 2014 (more than five years ago), which represented a premium of approximately 24.4% over the Cancellation Price. The lowest closing price of the Share Stapled Units during the Pre-Announcement Period was HK\$2.17 on 19 March 2020, the Cancellation Price represents an attractive premium of approximately 121.2% over such price.

The Share Stapled Unit price closed at HK\$3.68 on the Last Trading Day and surged by approximately 29.6% to HK\$4.77 on 15 June 2020, being the first trading day following the Announcement. From 15 June 2020 to the Latest Practicable Date, the Share Stapled Units traded between HK\$4.62 and HK\$4.77 with an average of HK\$4.65. The Share Stapled Units closed at HK\$4.62 as at the Latest Practicable Date.

We are of the view that the aforesaid surge in Share Stapled Unit prices was driven by the announcement of the Proposal, in particular, the Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit. The Holders of Scheme Share Stapled Units should note that the Share Stapled Units traded substantially below the Cancellation Price of HK\$4.80 since the outbreak of the Pandemic and the prevailing Share Stapled Unit prices may not be sustained if the Scheme is not approved or the Proposal otherwise lapses.

The Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit cancelled and extinguished represents:

- a premium of approximately 30.4% over the closing price of HK\$3.68 per Share Stapled Unit as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 57.9% over the average closing price of approximately HK\$3.04 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 72.7% over the average closing price of approximately HK\$2.78 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 82.5% over the average closing price of approximately HK\$2.63 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 86.8% over the average closing price of approximately HK\$2.57 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 64.4% over the average closing price of approximately HK\$2.92 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 57.4% over the audited NAV of the Company per Share Stapled Unit of approximately HK\$3.05 as of 31 December 2019 (based on the exchange rate of HK\$1: RMB0.89578, the central parity rate published by the PBOC on its website as of 31 December 2019 for illustration purposes);

- a premium of approximately 81.1% over the unaudited NAV of the Company per Share Stapled Unit of approximately HK\$2.65 as of 30 June 2020 (based on the exchange rate of HK\$1: RMB0.91344, the central parity rate published by the PBOC on its website as of 30 June 2020 for illustration purposes);
- a discount of approximately 21.4% to the Reassessed NAV per Share Stapled Unit of approximately HK\$6.11 as of 30 June 2020 (based on the exchange rate of HK\$1: RMB0.91344, the central parity rate published by the PBOC on its website as of 30 June 2020 for illustration purposes) based on the total number of issued Share Stapled Units as at the Latest Practicable Date; and
- a premium of approximately 3.9% over the closing price of HK\$4.62 per Share Stapled Unit as quoted on the Stock Exchange as at the Latest Practicable Date.

5.2. Comparable Companies

In assessing the fairness and reasonableness of the Cancellation Price, we have, on a best effort basis, identified a list of companies/REITs and stapled securities (“SS”) listed on the Main Board of the Stock Exchange which (i) are major hotel groups with market capitalization of above HK\$2 billion on the Last Trading Day. (ii) generated at least 60% of total revenue from hotel-related business segment(s) in their respective latest full financial years. In determining the criteria, we consider that (i) the Trust Group is a sizable hotel group with market capitalization of HK\$7.36 billion on the Last Trading Day which shall be matched with Hong Kong listed companies with a comparable size of market capitalization; and (ii) The Trust Group generated approximately 71.4% of total revenue from hotel-related business segment for FY2019, so we expect that the comparable companies should be those with at least similar portion of the total revenue generated from such market segment. Based on the above criteria and through Bloomberg, we have identified what we considered to be an exhaustive list of 11 companies (the “Comparable Companies”). We consider the Comparable Companies to be a fair and representative sample of the Trust Group for comparison purpose as they are all sizable hoteliers similar to the Trust Group.

The table below illustrates (i) the price-to-earnings (“P/E”) multiples; and (ii) the price-to-book (“P/B”) multiples, of the Comparable Companies based on their respective earnings or NAV per share/share stapled unit as derived from their respective latest published financial statements and the closing share/share stapled unit prices of the Comparable Companies on the Last Trading Day. We consider the use of P/E and P/B multiples to be appropriate valuation multiples for the following analysis as (i) they are commonly used valuation multiples used by independent financial advisers to evaluate property companies; (ii) based on our observation of the past transactions conducted by the Comparable Companies, P/E and P/B multiples have been adopted by boards of the Comparable Companies in evaluating fairness of the relevant transactions; and (iii) based on our experience and professional judgement, we are unable to identify other better alternative valuation multiples.

Table 8: List of the Comparable Companies

Companies (stock code)	Market capitalization on the Last Trading Date (HK\$'million)	P/E multiples (times)	P/B multiples (times)
Shangri-La Asia Limited (69)	24,955.25	20.89	0.52
Great Eagle Holdings Limited (41)	13,487.59	N/A (Note 2)	0.20
Hongkong & Shanghai Hotels Limited (45)	12,094.73	24.48	0.31
Fosun Tourism Group (1992)	9,843.31	14.25	1.08
Shanghai Jin Jiang Capital Co Limited (2006)	8,349.00	10.89	0.81
Harbour Centre Development Limited (51) (Note 1)	5,861.36	50.10	0.34
Regal Real Estate Investment Trust (1881)	4,169.51	N/A (Note 2)	0.28
Zhejiang New Century Hotel Management Co Limited (1158)	3,690.40	16.07	2.09
Sino Hotels Holdings Limited (1221)	2,913.79	14.84	0.63
Regal Hotels International Holdings Limited (78)	2,732.30	6.01	0.21
Langham Hospitality Investments and Langham Hospitality Investments Limited (1270) (Note 3)	2,617.50	N/A (Note 2)	0.26
Comparable Companies:	High	50.10	2.09
	Low	6.01	0.20
	Average	19.69	0.61
	Median	15.46	0.34
Jinmao Hotel and the Company	7,360.00	35.04 (Note 4)	1.57 (Note 5)

Source: Bloomberg

Notes:

- Harbour Centre Development Limited generated 59.9% of total revenue from hotel-related business segment in the latest financial year. Although it didn't reach the 60% threshold of our selection criteria, it is included in the comparable analysis as it is engaged in both hotel and property leasing business, which is considered comparable to the Trust Group's business and; it has comparable size with the Trust Group in terms of market capitalization.
- The relevant P/E multiple is unavailable due to recorded loss attributable to equity holders according to the latest annual report of the respective Comparable Companies.
- Langham Hospitality Investments and Langham Hospitality Investments Limited's SSs are listed on the Main Board of the Stock Exchange, similar to the Share Stapled Units.

4. Based on the Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit and the earnings per Share Stapled Unit of RMB\$0.123 per Share Stapled Unit for FY2019 (equivalent to approximately HK\$0.137 based on the exchange rate of HK\$1: RMB0.89578 for illustrative purpose).
5. Based on the Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit and the NAV of the Trust Group per Share Stapled Unit of RMB2.73 as at 31 December 2019 (equivalent to approximately HK\$3.05 based on the exchange rate of HK\$1: RMB0.89578 for illustrative purpose).

As set out in the table above, the P/E multiples of the Comparable Companies range from approximately 6.01 times to 50.10 times, with a mean of approximately 19.69 times and a median of approximately 15.46 times. The implied P/E multiple of Jinmao Hotel and the Company at the Cancellation Price of 35.04 times is within the range of and significantly higher than the average and median of the P/E multiples of the Comparable Companies.

The P/B multiples of the Comparable Companies range from approximately 0.20 times to 2.09 times, with an average of approximately 0.61 times and a median of approximately 0.34 times. The implied P/B multiple of Jinmao Hotel and the Company at the Cancellation Price of 1.57 times is within the range of and also significantly higher than the average and median of those of the P/B multiples of the Comparable Companies.

5.3. Dividend yield

Based on the first interim dividend of HK\$0.1660 per Share Stapled Unit and the final dividend of HK\$0.1543 per Share Stapled Unit for FY2019, the dividend yields as implied by the closing price of the Share Stapled Units on the Last Trading Day of HK\$3.68 per Share Stapled Unit and the Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit were approximately 8.7% and 6.7%, respectively. We have compared the above dividend yields to those of the Comparable Companies and the HS REIT Index, on the Last Trading Day, as illustrated below:

Table 9: Dividend yield analysis

Companies (stock code)	Dividend yield
Shangri-La Asia Limited (69)	1.1%
Great Eagle Holdings Limited (41)	4.4%
Hongkong & Shanghai Hotels Limited (45)	1.8%
Fosun Tourism Group (1992)	1.1%
Shanghai Jin Jiang Capital Co Limited (2006)	4.6%
Harbour Centre Development Limited (51)	2.7%
Regal Real Estate Investment Trust (1881)	9.7%
Zhejiang New Century Hotel Management Co Limited (1158)	3.4%
Sino Hotels Holdings Limited (1221)	2.4%
Regal Hotels International Holdings Limited (78)	3.5%
Langham Hospitality Investments and Langham Hospitality Investments Limited (1270)	9.9%
High	9.9%

Companies (stock code)	Dividend yield	
	Low	1.1%
	Average	4.1%
	Median	3.4%
HS REIT Index		6.4%
Jinmao Hotel and the Company (6139)		
– based on closing price on the Last Trading Day		8.7%
– based on the Cancellation Price		6.7%

Sources: Bloomberg and website of the Stock Exchange

Note: The above dividend yields are calculated based on the total dividends per share/Share Stapled Units in the preceding twelve months (excluding any special dividend) and the closing share prices of the Comparable Companies on the Last Trading Day.

As shown above, the dividend yields of the Comparable Companies ranged from approximately 1.1% to approximately 9.9%, with an average and median of approximately 4.1% and 3.4%, respectively, and the dividend yield of HS REIT Index was approximately 6.4%. The dividend yields of Jinmao Hotel and the Company as implied by the closing price on the Last Trading Day and the Cancellation Price were approximately 8.7% and 6.7%, respectively, which were within the range of the Comparable Companies and higher than that of HS REIT Index.

If the Scheme becomes effective and the Proposal is implemented, the Scheme Shareholders who place a high priority on dividend income would have the opportunity to re-invest the proceeds in similar companies that have higher historical dividend yields or REITs listed in Hong Kong which have higher dividend yields.

5.4. Privatization Comparables

We have reviewed precedent successful privatization proposals of property development and/or investment companies listed on the Main Board of the Stock Exchange for the past ten years prior to the Last Trading Day and up to and including the Latest Practicable Date. In view of the fact that: (i) the Trust Group is an asset-heavy property company which has the principal business activities mainly comprise hotel operations and property leasing that is largely reliant on the hotel properties and commercial properties to generate income; (ii) the Trust Group is in the kind of business that has “significant property interests” under Rule 11 of the Takeovers Code which a property valuation for its property interests are mandatorily required when the Proposal is to be conducted; (iii) to better evaluate the Cancellation Price, it would be best, based on past experience of successful cases of similar property companies’ privatization precedents, to compare not only the premiums of the Cancellation Price over the prevailing market price averages relative to those of the similar property companies’ privatization precedents, but also the discount of the Cancellation Price to the Reassessed NAV to those of the similar property companies’ privatization precedents; and (iv) similar property companies, as we looked into the records, would mainly be those property development and/or investment companies with “significant property interests”, which had been required to conduct a property valuation and had a reassessed/adjusted NAV

taken into account the revaluation surplus/deficit (as the case maybe). Given the above, we are of the view that property development and/or investment companies are the closest comparables to the Trust Group, for the purpose of this analysis.

We consider that the sample size is sufficient and the list of selected precedent privatization proposals (the “**Privatization Comparables**”) is exhaustive and a fair representation of transactions comparable to the Proposal. As the Privatization Comparables are selected from a 10-year period of time, which is a period that has been extended to a reasonable length to obtain a sufficiently sized sample of Privatization Comparables, it should be noted that the Privatization Comparables were conducted under different market conditions and sentiment. The factors and considerations that affect the premiums or discounts of the cancellation prices in each of the Privatization Comparables vary on a case-by-case basis and may be different from those applicable to the Scheme.

The table below illustrates the premiums or discounts of the offer or cancellation prices offered by the corresponding offerors in each of the Privatization Comparables over or to: (i) the corresponding prevailing share prices prior to the issue of the relevant privatization announcements; and (ii) the Reassessed NAV per share of the corresponding company in each of the Privatization Comparables:

Table 10: Privatization Comparables

Date of initial announcement of privatization	Company name (stock code)	Premium of offer/cancellation price over the closing price on the last trading day prior to the announcement date of privatization	Premium of offer/cancellation price over the 5 days average closing price prior to the announcement date of privatization	Premium of offer/cancellation price over the 10 days average closing price prior to the announcement date of privatization	Premium of offer/cancellation price over the 30 days average closing price prior to the announcement date of privatization	Premium of offer/cancellation price over the 60 days average closing price prior to the announcement date of privatization	Premium of offer/cancellation price over the 90 days average closing price prior to the announcement date of privatization	Premium/ (Discount) of offer/cancellation price over the reassessed/ adjusted NAV per share
27 February 2020	Wheelock and Company Limited (20)	52.2%	49.1%	49.2%	45.2%	43.9%	45.9%	(1.8)%
5 December 2018	Hopewell Holdings Limited (54)	46.7%	48.8%	51.6%	55.5%	54.1%	49.6%	(43.0)%
27 March 2017	Goldin Properties Holdings Limited (283) (“Goldin”)	36.8%	40.0%	39.1%	33.9%	30.4%	36.6%	28.6%
30 March 2016	Dalian Wanda Commercial Properties Co., Ltd. (3699)	36.1%	40.1%	39.7%	50.2%	44.6%	32.7%	(10.8)%

Date of initial announcement of privatization	Company name (stock code)	Premium of offer/cancellation price over the closing price on the last trading day prior to the announcement	Premium of offer/cancellation price over the 5 days average closing price prior to the announcement	Premium of offer/cancellation price over the 10 days average closing price prior to the announcement	Premium of offer/cancellation price over the 30 days average closing price prior to the announcement	Premium of offer/cancellation price over the 60 days average closing price prior to the announcement	Premium of offer/cancellation price over the 90 days average closing price prior to the announcement	Premium/ (Discount) of offer/cancellation price over the reassessed/ adjusted NAV per share
6 January 2016	New World China Land Limited (917)	25.6%	28.5%	29.4%	40.8%	45.8%	53.8%	(29.4)%
27 May 2015	Dorsett Hospitality International Limited (2266) (“Dorsett”) ^{Note}	32.4%	35.3%	38.5%	41.7%	44.0%	42.9%	(74.6)%
20 January 2011	Shanghai Forte Land Co., Ltd. (2337)	25.4%	23.2%	24.6%	34.1%	40.0%	42.9%	(26.2)%
	Maximum	52.2%	49.1%	51.6%	55.5%	54.1%	53.8%	28.6%
	Minimum	25.4%	23.2%	24.6%	33.9%	30.4%	32.7%	(74.6)%
	Average premium/ (discount)	36.5%	37.9%	38.9%	43.1%	43.3%	43.5%	(22.5)%
	The Proposal	30.4%	57.9%	72.7%	82.5%	86.8%	64.4%	(21.4)%

Sources: website of the Stock Exchange and Bloomberg

Note: The cancellation consideration of Dorsett consisted of a cash payment of HK\$0.72 and 0.28125 share of Far East Consortium International Limited (stock code: 35) with closing price of HK\$3.84 on the last trading date before the announcement. Therefore, the cancellation consideration of HK\$1.80 per share has been used for the analysis.

As shown in the table above, we noted that all the offer/cancellation prices of the Privatization Comparables represented premiums over the corresponding: (i) closing prices on the last trading day prior to the date of initial announcement of privatization; and (ii) 5 days, 10 days, 30 days, 60 days and 90 days average closing prices prior to the date of initial announcement of privatization.

The premiums as represented by the offer/cancellation prices of the Privatization Comparables over:

- (i) the closing prices on the last trading day prior to the date of initial announcement of privatization ranged from approximately 25.4% to 52.2% with an average of approximately 36.5%;
- (ii) the 5 days average closing prices prior to the date of initial announcement of privatization ranged from approximately 23.2% to 49.1% with an average of approximately 37.9%;
- (iii) the 10 days average closing prices prior to the date of initial announcement of privatization ranged from approximately 24.6% to 51.6% with an average of approximately 38.9%;
- (iv) the 30 days average closing prices prior to the date of initial announcement of privatization ranged from approximately 33.9% to 55.5% with an average of approximately 43.1%;
- (v) the 60 days average closing prices prior to the date of initial announcement of privatization ranged from approximately 30.4% to 54.1% with an average of approximately 43.3%; and
- (vi) the 90 days average closing prices prior to the date of initial announcement of privatization ranged from approximately 32.7% to 53.8% with an average of approximately 43.5%.

While the premium of the Cancellation Price over the closing price of the Share on the Last Trading Day of approximately 30.4% was slightly below the average of that for the Privatization Comparables, the premiums of the Cancellation Price over the average closing prices of the Share Stapled Units for the period of 5 days, 10 days, 30 days, 60 days and 90 days prior to the Announcement Date were significantly higher than those for the Privatization Comparables.

We further noted that, except Goldin, the offer/cancellation prices of the Privatization Comparables represented a discount to the Reassessed NAV per share of the corresponding company which ranged from approximately 10.8% to 74.6%. Including the premium represented by the offer/cancellation price of Goldin, the average discount of the offer/cancellation price to the Reassessed NAV per share was approximately 22.5%. The Cancellation Price of HK\$4.80 represented a discount of approximately 21.4% to the Reassessed NAV per Share Stapled Unit which is below the average discount for the Privatization Comparables. If the premium represented by the offer/cancellation price of Goldin is excluded from the Privatization Comparables, the average discount of the offer/cancellation price to the Reassessed NAV per share will further increase to approximately 31.0% (the “**Discount Average**”) and the discount of the Cancellation Price to the Reassessed NAV per Share Stapled Unit of approximately 21.4% is significantly lower than the Discount Average. As such, we are of the view that the Cancellation Price is fair and reasonable.

OPINION AND RECOMMENDATION

In arriving at our recommendation in respect of the Proposal, we have considered the principal factors and reasons as discussed above and in particular the following (which should be read in conjunction with and interpreted in the full context of this letter):

- The outbreak of the Pandemic at the beginning of 2020 has unprecedented challenge on the hospitality industry and the entire tourism industry in the People’s Republic of China. The hotel and tourism businesses of the Trust Group were also significantly affected. As the road to recovery for the Chinese hospitality industry are subject to many factors, the operating performance and outlook of the Trust Group’s hotel and tourism business in the short to medium term remain uncertain due to the Pandemic.
- The Proposal represents an opportunity for the Holders of Scheme Share Stapled Units to realise their investments in Jinmao Hotel and the Company without facing the uncertainties of future distribution per Share Stapled Unit that would be affected, to a certain extent, by the future challenging operating performance while there was a decrease in both revenue and profit attributable to the Holders of Share Stapled Units for FY2019 and a downward trend of the full year distribution per Share Stapled Unit over the past five financial years. The hotel properties of the Trust Group in HY2020 were greatly impacted by the travel restrictions, social distancing measures and governmental actions in response to the Pandemic, the financial performance of the Trust Group for HY2020 deteriorated significantly and the Trust Group did not declare any interim distribution for HY2020.

- The Cancellation Price of HK\$4.80 is fair and reasonable as: (i) the implied P/E multiple of Jinmao Hotel and the Company at the Cancellation Price of 35.04 times is (a) within the range of the P/E multiples of the Comparable Companies; and (b) significantly higher than the average and median of those of the Comparable Companies of approximately 19.69 times and 15.46 times respectively; and (ii) the implied P/B multiple of Jinmao Hotel and the Company at the Cancellation Price of 1.57 times is (a) within the range of the P/B multiples of the Comparable Companies; and (b) also significantly higher than the average and median of those of the Comparable Companies of approximately 0.61 times and 0.34 times respectively.
- The dividend yields of Jinmao Hotel and the Company as implied by the closing price on the Last Trading Day and the Cancellation Price were approximately 8.7% and 6.7%, respectively, which were within the range of the Comparable Companies ranged from approximately 1.1% to approximately 9.9% and higher than that of HS REIT Index of approximately 6.4%. As such, the Proposal provides an opportunity for the Scheme Shareholders who place a high priority on dividend income to re-invest the proceeds in similar companies that have higher historical dividend yields or REITs listed in Hong Kong which have higher dividend yields.
- The Cancellation Price of HK\$4.80 is fair and reasonable as it: (i) is higher than the highest closing price in the recent 18-month period of HK\$4.73; (ii) represents a premium of approximately 30.4% over the closing price of the Share Stapled Units on the Last Trading Day; (iii) represents premiums of approximately 57.9%, 72.7%, 82.5%, 86.8% and 64.4% over the average closing prices of the Share Stapled Units for the 5, 10, 30, 60 and 90 trading days up to and including the Last Trading Day, respectively; and (iv) represents an attractive premium of approximately 57.4% over the audited NAV of the Company per Share Stapled Unit of approximately HK\$3.05 as of 31 December 2019 (based on the exchange rate of HK\$1: RMB0.89578, the central parity rate published by the PBOC on its website as of 31 December 2019 for illustration purposes) although at a discount of 21.4% to the Reassessed NAV which nevertheless compared well against those of the Privatization Comparables with the average discount of approximately 22.5%.
- The Proposal represents an opportunity for the Holders of Scheme Share Stapled Units to realize their investments in Jinmao Hotel and the Company for cash at a premium without suffering illiquidity discount in view of the relatively low liquidity level of the Share Stapled Units over a prolonged period of time, with an average daily trading volume of approximately 0.011% of the total issued Share Stapled Units as at the Last Trading Day since the Pre-Announcement Period.

Based on the above, we consider that the terms of the Scheme and the Proposal, including the Cancellation Price, to be fair and reasonable so far as the Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and the Holders of Share Stapled Units are concerned. Accordingly, we recommend the Independent Board Committee to recommend:

- (i) at the Unitholders Meeting, the Independent Unitholders to vote in favour of the resolution to approve the Proposal (including the Scheme);
- (ii) at the Court Meeting of Scheme Ordinary Shareholder, the Independent Ordinary Shareholder (voting through the Trustee-Manager) to vote in favour of the resolution to approve the Scheme;
- (iii) at the Court Meeting of Scheme Preference Shareholders, the Independent Preference Shareholders to vote in favour of the resolution to approve the Scheme; and
- (iv) at the EGM, the Holders of Share Stapled Units to vote in favour of a special resolution to approve and give effect to, among others, the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares, the cancellation of the Scheme Units, and the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective.

The Share Stapled Units have been traded in the market below the Cancellation Price since 15 June 2020, being the first trading day after the Announcement, up to and including the Latest Practicable Date when they closed at HK\$4.62. Holders of Scheme Share Stapled Units should note that according to the Letter from the Boards, the Offeror will not increase the Cancellation Price and does not reserve the right to do so. The Offeror has been bound by this statement and will not be allowed to increase the Cancellation Price. Holders of Scheme Share Stapled Units should note that if the Proposal and/or the Scheme is not approved or otherwise lapses, Jinmao Hotel and the Company will remain listed on the Stock Exchange. There are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Proposal is not approved or otherwise lapses, announce an offer or possible offer for the Share Stapled Units, except with the consent of the Executive.

In this respect, we noted that unlike a general offer to acquire all or part of a listed company's shares, the Proposal regarding the possible privatization by the Offeror will be conducted by way of a scheme of arrangement under Section 86 of the Companies Law. The key difference will be that Holders of Scheme Share Stapled Units will not have the opportunity to partially tender to the Offeror their Scheme Share Stapled Units. Rather, if the Proposal Conditions are fulfilled or waived (as applicable), the Proposal will be binding on the Offeror, Jinmao Hotel, the Company and all Holders of Scheme Share Stapled Units. As such, all Holders of Scheme Share Stapled Units (irrespective of whether or not they attended or voted at the Unitholders Meeting, the Court Meetings or the EGM) will be compelled to accept the Cancellation Price for their entire Scheme Share Stapled Units holding interests. Vice versa, if the Proposal is not approved, the Proposal will not be effective and all Holders of Scheme Share Stapled Units will retain all their existing Scheme Share Stapled Units holding interests, and without the possibility of receiving another offer from the Offeror for a period of 12 months from the date on which the Scheme is not approved or the Proposal otherwise lapses. **Holders of Scheme Share Stapled Units should note that the Share Stapled Units traded substantially below the Cancellation Price of HK\$4.80 since the outbreak of the Pandemic and the prevailing Share Stapled Unit prices may not be sustained if the Proposal and/or the Scheme is not approved or otherwise lapses.**

Yours faithfully,
For and on behalf of
Opus Capital Limited
Cheung On Kit Andrew
Executive Director

Mr. Cheung On Kit Andrew is the Executive Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Cheung has over 12 years of corporate finance experience in Asia Pacific and has participated in and completed various financial advisory and independent financial advisory transactions.

** For identification purpose only*

This Explanatory Statement constitutes the statement required under Order 102, rule 20(4)(e) of the Rules of the Grand Court of the Cayman Islands 1995 (revised).

**A SCHEME OF ARRANGEMENT
(UNDER SECTION 86 OF THE COMPANIES LAW OF THE CAYMAN ISLANDS)
TO CANCEL AND EXTINGUISH ALL THE SCHEME SHARES**

1. INTRODUCTION

The Offeror, the Company and Jinmao Hotel jointly announced that on 7 June 2020, the Offeror requested the Boards to put forward the Proposal for the privatization of Jinmao Hotel and the Company, which, if approved and implemented, would involve (i) the cancellation and extinguishment of the Ordinary Shares, Preference Shares and Units comprising the Scheme Share Stapled Units; and (ii) the withdrawal of the listing of Share Stapled Units on the Stock Exchange. The Cancellation Price will be paid by the Offeror to the Holders of Scheme Share Stapled Units. The Proposal will be carried out by way of (i) a scheme of arrangement under Section 86 of the Companies Law in relation to the Scheme Shares, and (ii) Clause 34.2 of the Trust Deed in relation to the Scheme Units. The purpose of this Explanatory Statement is to set out the terms and effects of the Proposal and to give the Scheme Shareholders other relevant information in relation to the Proposal, in particular, to provide the intentions of the Offeror with regard to Jinmao Hotel and the Company and the holding structure of the Share Stapled Units before and after the Proposal becoming effective.

Particular attention is drawn to (a) a letter from the Boards set out in Part IV of this Scheme Document; (b) a letter of recommendation from the Independent Board Committee set out in Part V of this Scheme Document; (c) a letter of advice from the Independent Financial Adviser set out in Part VI of this Scheme Document; and (d) the Scheme of Arrangement set out in Appendix III to this Scheme Document.

2. THE PROPOSAL

Each Share Stapled Unit comprises three components: (i) a Unit, (ii) a beneficial interest in a specifically identified Ordinary Share held by the Trustee-Manager (as trustee-manager of Jinmao Hotel), which is linked to the Unit, and (iii) a specifically identified Preference Share which is stapled to the Unit. Under the Trust Deed and the Articles of Association, the number of Ordinary Shares and Preference Shares in issue must be the same at all times and must also, in each case, be equal to the number of the Units in issue.

Upon the Proposal becoming effective, (i) the Scheme Shares will be cancelled and extinguished pursuant to the Scheme, and (ii) simultaneous with the implementation of the Scheme, on the Effective Date the Scheme Units will also be cancelled in accordance with the Trust Deed.

The share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Please refer to the paragraph headed “5. Holding Structure of the Share Stapled Units” below for further details regarding the holding structure of the Share Stapled Units upon completion of the Proposal.

The total consideration payable to the Holders of Scheme Share Stapled Units for the cancellation and extinguishment of the Scheme Share Stapled Units will be paid by the Offeror. The Cancellation Price of HK\$4.80 per Scheme Share Stapled Unit cancelled and extinguished represents:

- a premium of approximately 30.4% over the closing price of HK\$3.68 per Share Stapled Unit as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 57.9% over the average closing price of approximately HK\$3.04 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Day;
- a premium of approximately 72.7% over the average closing price of approximately HK\$2.78 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Day;
- a premium of approximately 82.5% over the average closing price of approximately HK\$2.63 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Day;
- a premium of approximately 86.8% over the average closing price of approximately HK\$2.57 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Day;
- a premium of approximately 64.4% over the average closing price of approximately HK\$2.92 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Day;
- a premium of approximately 57.4% over the audited net assets of the Company per Share Stapled Unit of approximately HK\$3.05 as of 31 December 2019 (based on the exchange rate of HK\$1: RMB0.89578, the central parity rate published by the People’s Bank of China on its website as of 31 December 2019 for illustration purposes);
- a premium of approximately 3.9% over the closing price of approximately HK\$4.62 per Share Stapled Unit based on the daily closing prices as quoted on the Stock Exchange on the Latest Practicable Date;

- a premium of approximately 81.1% over the unaudited net assets of the Company per Share Stapled Unit of approximately HK\$2.65 as of 30 June 2020 (based on the exchange rate of HK\$1: RMB0.91344, the central parity rate published by the People's Bank of China on its website as of 30 June 2020 for illustration purposes); and
- a discount of approximately 21.4% to the Reassessed NAV per Share Stapled Unit of approximately HK\$6.11 as at 30 June 2020 based on the total number of issued Share Stapled Units as at the Latest Practicable Date.

Having considered the comparable companies (the “**Privatization Comparables**”), that conducted privatization in the market as detailed in “5. Evaluation of the Cancellation Price – 5.4 Privatization Comparables” in Part VI Letter from the Independent Financial Adviser, the Boards noted that the cancellation prices of these Privatization Comparables represented an average discount to the reassessed/adjusted net asset value per share of approximately 22.5%. Furthermore, it was noted that while the premium of the Cancellation Price over the closing price of the Share Stapled Unit on the Last Trading Day of approximately 30.4% was slightly below the average of that for the Privatization Comparables, the premiums of the Cancellation Price over the average closing prices of the Share Stapled Unit for the period of 5 days, 10 days, 30 days, 60 days and 90 days prior to the Announcement Date were significantly higher than those of the Privatization Comparables. Accordingly, the Directors consider that the Cancellation Price to be an attractive opportunity for the Holders of Scheme Share Stapled Unit to realise their investments as the discount of the Cancellation Price to the Reassessed NAV per Share Stapled Unit of approximately 21.4% is in line with market practice and is lower than the average discount of these Privatization Comparables.

Highest and lowest prices of the Share Stapled Units

During the 18-month period ended on and including the Last Trading Day, the highest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$4.73 on 16 April 2019 and the lowest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$2.17 on 19 March 2020.

As disclosed in the Announcement, the Offeror will not increase the Cancellation Price and does not reserve the right to do so. Holders of Share Stapled Units and potential investors of Share Stapled Units should be aware that, following the making of this statement, the Offeror has been bound by this statement and will not be allowed to increase the Cancellation Price.

The Cancellation Price has been determined on an arm's length basis after taking into account the financial information of the Group including the financial position of the Group as of 31 December 2019, the Offeror's review of the Group's business and its future prospects, the prices of the Share Stapled Units traded on the Stock Exchange and other privatization transactions in Hong Kong in recent years.

Implementation of the Proposal

As the Scheme is only between the Company and the Scheme Shareholders under the Companies Law, not the Unitholders with respect to Jinmao Hotel, the Court Meetings will only be meetings of the Scheme Shareholders. To comply with the meeting requirements of the Trust Deed and the Articles of Association, a separate Unitholders Meeting will be required to be held immediately before the Court Meeting of holders of Scheme Ordinary Shares to enable Unitholders (other than the Offeror) (i.e. holders of Scheme Units) to pass a resolution instructing the Trustee Manager, as holder of the Scheme Ordinary Shares, on how to vote at the Court Meeting of Scheme Ordinary Shareholder. A subsequent Court Meeting of Scheme Preference Shareholders will then be held, at which the votes cast by the holders of the Scheme Preference Shares shall be deemed to have cast in the same way as per their votes at the Unitholders Meeting.

Immediately following the Unitholders Meeting and the Court Meetings, the EGM will be convened for the purpose of considering and, if thought fit, approving, among others, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective.

The specific requirements regarding voting of Share Stapled Units are contained in the Trust Deed and the Articles of Association, both of which are available on the website of the Company (<http://www.jinmao88.com/en/index.php>). Given these requirements, and subject to the order of the Grand Court in respect of the Court Meetings:

- (a) a Unitholder (other than the Offeror) shall be entitled to cast a vote in respect of his Unit at the Unitholders Meeting;
- (b) the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will exercise its voting rights of the Scheme Ordinary Shares at the relevant Court Meeting as instructed by the votes cast by the Scheme Units to which the Scheme Ordinary Shares are linked at the Unitholders Meeting; and
- (c) the votes cast by the holders of the Scheme Preference Shares/Independent Preference Shareholders at the relevant Court Meeting of Scheme Preference Shareholders must be cast in the same way as per their votes in the Unitholders Meeting.

In respect of the EGM, a Holder of Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit for each resolution to be considered at the EGM.

Please also refer to the paragraph headed “14. Meeting requirements, voting rights and requirements, forms of proxy and voting paper requirements, and effect of the Scheme of Arrangement under the Trust Deed” in this section of the Scheme Document.

Proposal Conditions

The Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all Holders of Share Stapled Units, subject to the fulfilment or waiver (as applicable) of the following Proposal Conditions:

- (a) the approval of the Scheme and the Proposal (by way of poll) by a majority in number of the Unitholders (other than the Offeror) representing not less than 75% in value of the Scheme Units held by the holders of such Units present and voting either in person or by proxy at the Unitholders Meeting;
- (b) (i) the approval of the Scheme and the Proposal (by way of poll) by the Independent Unitholders holding at least 75% of the Units held by the Independent Unitholders that are voted either in person or by proxy at the Unitholders Meeting; and (ii) the number of votes cast (by way of poll) by the Independent Unitholders present and voting either in person or by proxy at the Unitholders Meeting against the resolution to approve the Scheme and the Proposal at the Unitholders Meeting is not more than 10% of the votes attaching to all Units held by all the Independent Unitholders;
- (c) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Ordinary Shares representing not less than 75% in value of the Scheme Ordinary Shares beneficially owned by the holders of such Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting through the Trustee-Manager;
- (d) (i) the approval of the Scheme (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares, representing at least 75% of the votes attaching to the Ordinary Shares beneficially owned by the Independent Ordinary Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way of poll) by the Trustee-Manager, as the sole legal owner of the Ordinary Shares present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Ordinary Shares beneficially owned by all the Independent Ordinary Shareholders;
- (e) the approval of the Scheme (by way of poll) by a majority in number of the holders of Scheme Preference Shares representing not less than 75% in value of the Scheme Preference Shares held by the holders of such Preference Shares present and voting either in person or by proxy at the relevant Court Meeting;
- (f) (i) the approval of the Scheme (by way of poll) by the Independent Preference Shareholders holding at least 75% of the votes attaching to the Preference Shares held by the Independent Preference Shareholders that are voted either in person or by proxy at the relevant Court Meeting; and (ii) the number of votes cast (by way

of poll) by the Independent Preference Shareholders present and voting either in person or by proxy at the relevant Court Meeting against the resolution to approve the Scheme at the relevant Court Meeting is not more than 10% of the votes attaching to all Preference Shares held by all the Independent Preference Shareholders;

- (g) the passing of a special resolution by a majority of not less than 75% of the votes cast by the Holders of Share Stapled Units present and voting in person or by proxy at the EGM to approve and give effect to (a) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (b) the cancellation of the Scheme Units; and (c) the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective;
- (h) the Grand Court's sanction of the Scheme (with or without modifications) and its confirmation of the reduction of the share capital of the Company, and the delivery to the Registrar of Companies of a copy of the order of the Grand Court for registration;
- (i) compliance, to the extent necessary, with the procedural requirements and conditions, if any, under Sections 15 and 16 of the Companies Law in relation to the reduction of the share capital of the Company;
- (j) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Proposal becoming effective having been obtained from, given by or made with (as the case may be) the Relevant Authorities, in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (k) all authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Proposal required before the Proposal becoming effective remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Proposal becomes effective;
- (l) all necessary consents which may be required for the implementation of the Proposal under any existing contractual obligations of Jinmao Hotel and the Company being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the Group;

- (m) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Proposal or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Proposal or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Proposal;
- (n) there being no provision of any arrangement, agreement, licence or other instrument to which any member of the Group is a party or by or to which any of them is or are or may be bound, entitled or subject which as a consequence of the implementation of the Proposal could or might reasonably result in, to an extent which is material in the context of the Group taken as a whole:
 - (i) any monies borrowed by or other indebtedness (actual or contingent) of any member of the Group being repayable or being capable of being declared payable prior to their stated maturity;
 - (ii) the creation of any mortgage, charge or other security interest over the whole or any material part of the business, property or assets of any member of the Group or any such security (whether arising or having arisen) becoming enforceable; and
 - (iii) any such arrangement, agreement, licence, permit, franchise or other instrument being terminated or adversely modified or any material action being taken or any material obligation arising thereunder; and
- (o) each member of the Group remaining solvent and not being subject to any insolvency or bankruptcy proceedings or likewise and no liquidator, receiver or other person carrying out any similar function having been appointed anywhere in the world in respect of the whole or any substantial part of the assets and undertakings of any member of the Group from the Announcement Date up to the date when all the Proposal Conditions are satisfied or validly waived (as applicable).

The Offeror reserves the right to waive Proposal Conditions (l) to (o) either in whole or in part, either generally or in respect of any particular matter. Proposal Conditions (a) to (k) cannot be waived in any event. The Trustee-Manager (as trustee-manager of Jinmao Hotel) or the Company has no right to waive any of the Proposal Conditions.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all Proposal Conditions as a basis for not proceeding with the Proposal if the circumstances which give rise to the right to invoke any such Proposal Condition are of material significance to the Offeror in the context of the Proposal. All Proposal Conditions will have to be fulfilled

or waived, as applicable, on or before the Long Stop Date, failing which the Proposal will lapse. When all Proposal Conditions are satisfied or waived (as applicable), the Proposal will become effective and binding on the Offeror, Jinmao Hotel, the Company and all the Holders of Share Stapled Units (irrespective of whether or not they attended or voted at the Meetings).

The Trustee-Manager is bound to act according to the terms of the Trust Deed including to, among other matters, exercise its voting rights of the Ordinary Shares in accordance with the votes conferred by the Units to which the Ordinary Shares are linked in the Unitholders Meeting and are bound by a scheme of arrangement proposed by the Company and approved by the Scheme Ordinary Shareholder and Scheme Preference Shareholders in accordance with the Companies Law. Further details of the voting arrangements between the holders of Share Stapled Units and the Trustee-Manager are set out the section headed “14. Meeting requirements, voting rights and requirements, forms of proxy and voting paper requirements, and effect of Scheme of Arrangement under the Trust Deed” in this part.

Assuming that the Proposal Conditions are satisfied or validly waived (as applicable), it is expected that the Scheme will become effective on or around 28 September 2020 as stated in Part II of this Scheme Document.

In respect of Proposal Condition (b), as at the Latest Practicable Date, the Offeror has received the Irrevocable Undertakings from the Participating Unitholders which represented approximately 75.81% of the Units held by the Independent Unitholders.

In respect of Proposal Conditions (j) to (m), the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company were not aware of and did not reasonably foresee any such authorization, registration, filing, rulings, consent, opinion, permission and approval of any relevant competent authority as at the Latest Practicable Date except for (i) approval from Sinochem Group, which was obtained on June 10, 2020 to approve the privatization of Jinmao Hotel and the Company by off-market agreement, (ii) written report to the SASAC by Sinochem Group, which is expected to be completed without obstacles, and (iii) filing with the State-owned Equity Management Information System for listed companies by Sinochem Group, which is expected to be completed without obstacles.

In respect of Proposal Condition (n), as at the Latest Practicable Date, there were certain existing banking facilities (the “**Existing Banking Facilities**”) to which the Company was a party. Under the Existing Banking Facilities, the Company’s obligation of mandatory prepayment or right to accelerate repayment will be triggered if the listing of Share Stapled Units is withdrawn from the Stock Exchange. The Company is seeking consents and/or waivers from these lending banks so that the Existing Banking Facilities can continue after the listing of Share Stapled Unit is withdrawn. As at the Latest Practicable Date, save for two banks, the Company has obtained verbal consent from all the banks. The Company is still negotiating with the aforesaid two banks. Barring from any unforeseen circumstances, the Company and Directors did not anticipate any difficulties in obtaining such written consent from all banks on or before end of August 2020. The Offeror reserves the right to waive such condition.

The Offeror is not a party to any agreements or arrangements which relate to circumstances in which it may or may not invoke or seek to invoke any of the Proposal Conditions.

After the listing of Share Stapled Units on the Stock Exchange is withdrawn, the Offeror intends to exercise the Exchange Right pursuant to Clause 12 of the Trust Deed so that all Units and Preference Shares comprising the Share Stapled Units held by the Offeror will be cancelled

and in exchange of the corresponding Ordinary Shares held by the Trustee-Manager (as trustee-manager of Jinmao Hotel) on a one for one basis. Upon completion of the exercise of the Exchange Right by the Offeror, (i) the Company will only have Ordinary Shares which are all held by the Offeror, and all the Preference Shares and Units will be cancelled, unlinked and unstapled with the Ordinary Shares, and (ii) Jinmao Hotel will be terminated pursuant to Clause 25.1(b) of the Trust Deed.

As at the Latest Practicable Date, none of the Proposal Conditions had been fulfilled or waived.

WARNING

Holders of Share Stapled Units and potential investors of Share Stapled Units should be aware that the implementation of the Proposal is subject to the Proposal Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Holders of Share Stapled Units and potential investors of Share Stapled Units should therefore exercise caution when dealing in the Share Stapled Units. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers..

3. TOTAL CONSIDERATION AND FINANCIAL RESOURCES

The Proposal, if approved and implemented, will involve (i) the cancellation and extinguishment of the Ordinary Shares, Preference Shares and Units comprising the Scheme Share Stapled Units, and (ii) the withdrawal of the listing of Share Stapled Units on the Stock Exchange. The Cancellation Price of HK\$4.80 per Scheme Share Stapled Units cancelled and extinguished will be paid by the Offeror.

As at the Latest Practicable Date:

- (a) the share capital of the Company consisted of Ordinary Shares and Preference Shares. The authorized share capital of the Company was HK\$5,000,000 divided into 5,000,000,000 Ordinary Shares and 5,000,000,000 Preference Shares; and
- (b) there were 2,000,000,000 Share Stapled Units in issue, among which 1,335,319,000 Share Stapled Units (representing approximately 66.77% of the total Share Stapled Units in issue) were held by the Offeror and the remaining 664,681,000 Share Stapled Units (representing approximately 33.23% of the total Share Stapled Units in issue) were the subject of the Scheme Share Stapled Units. There were no outstanding warrants, derivatives or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) issued by the Company that carry a right to subscribe for or which are convertible into Share Stapled Units.

The total amount of cash required for the Proposal is approximately HK\$3,190.5 million, including the payment to the Offeror Concert Parties and the Independent Holders of Scheme Share Stapled Units.

The Offeror intends to finance the cash required for the Proposal through debt financing, pursuant to which CMB Wing Lung Bank Limited, as lender, has provided an unsecured loan facility to the Offeror in an aggregate amount equal to HK\$3,300 million.

DBSAC, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for discharging its obligations in respect of the full implementation of the Proposal.

4. IRREVOCABLE UNDERTAKINGS

The Offeror has received the Irrevocable Undertakings from the Participating Unitholders, pursuant to which each Participating Unitholder has undertaken to, among other things, exercise (or procure the exercise of) all voting rights attached to the Participating Units held or owned by him/it at the Unitholders Meeting, the Court Meetings and the EGM in favour of all the resolutions to approve the Proposal, the Scheme and any matters in connection with the Proposal and the Scheme (where applicable). The 503,266,000 Participating Units held in aggregate by the Participating Unitholders, which are the subject of the Irrevocable Undertakings, represented (i) approximately 25.16% of the total Share Stapled Units in issue as at the Latest Practicable Date; (ii) approximately 75.81% of the total Share Stapled Units held by the Independent Holders of Scheme Share Stapled Units as at the Latest Practicable Date and (iii) in relation to Proposal Condition (b), approximately 75.81% of the Units held by the Independent Unitholders as at the Latest Practicable Date. Further, each Participating Unitholder has undertaken, including without limitation, not to (i) sell, transfer or otherwise dispose of the respective Participating Units; and (ii) enter into any arrangement which would or might impede giving effect to the Proposal or the undertaking given by it under the relevant Irrevocable Undertaking.

The Irrevocable Undertakings will be terminated if the Proposal is not approved or the Proposal otherwise lapses or is withdrawn.

Save as disclosed above, as at the Latest Practicable Date, none of the Offeror and the Offeror Concert Parties had received any irrevocable commitment from any Holders of Share Stapled Units in respect of voting at the Meetings.

5. HOLDING STRUCTURE OF THE SHARE STAPLED UNITS

As at the Latest Practicable Date:

- (a) there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit comprised the following securities or interests in securities:
 - (i) a Unit;

- (ii) the beneficial interest in a specifically identified Ordinary Share of HK\$0.0005 each 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
 - (iii) a specifically identified Preference Share of HK\$0.0005 each of the Company stapled to the Unit;
- (b) the share capital of the Company consisted of Ordinary Shares and Preference Shares. The authorized share capital of the Company was HK\$5,000,000 divided into 5,000,000,000 Ordinary Shares and 5,000,000,000 Preference Shares; and
- (c) among the 2,000,000,000 Share Stapled Units in issue:
- (i) the Offeror held an aggregate of 1,335,319,000 Share Stapled Units, representing approximately 66.77% of the total Share Stapled Units in issue;
 - (ii) the Offeror Concert Parties held in aggregate 834,500 Share Stapled Units, representing approximately 0.04% of the total Share Stapled Units in issue;
 - (iii) members of the DBS Group, being a party acting in concert with the Offeror, did not legally or beneficially own, control or have direction over any Share Stapled Units, save for the 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) held by DBS Bank on a proprietary basis acting in the capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., the 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or as an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with; and
 - (iv) the Independent Holders of Scheme Share Stapled Units legally or beneficially owned, controlled or had direction over a total of 663,846,500 Share Stapled Units (including the 24,250,000 Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader), representing approximately 33.19% of the total Share Stapled Units in issue.

The table below sets out the holding structure of the Share Stapled Units, to the best knowledge of the Boards, (i) as at the Latest Practicable Date; and (ii) on the basis that the Proposal becomes effective, immediately upon completion of the Proposal:

Holders of Share Stapled Units	As at the Latest Practicable Date		Upon completion of the Scheme	
	Number of Share Stapled Units	%	Number of Share Stapled Units	%
Offeror	1,335,319,000	66.77	1,335,319,000	100
Offeror Concert Parties				
Mr. Li Congrui	350,000	0.02	–	–
Mr. Jiang Nan	484,500	0.02	–	–
Total of the Offeror Concert Parties	834,500	0.04	–	–
Total of the Offeror and the Offeror Concert Parties	1,336,153,500	66.81	1,335,319,000	100
Participating Unitholders				
童錦泉 (Tong JinQuan) ⁽¹⁾	190,643,500	9.53	–	–
陸士慶 (Lu Shiqing)	160,101,000	8.01	–	–
Camden Medical Centre Private Limited	60,850,000	3.04		
Shanghai Construction Overseas (Holdings) Limited	28,971,500	1.45	–	–
HPRY Holdings Limited ⁽²⁾	27,000,000	1.35	–	–
Ho Lee Group Trust ⁽³⁾	21,700,000	1.09		
Wii Pte. Ltd. ⁽²⁾	14,000,000	0.70	–	–
Total of the Participating Unitholders	503,266,000	25.16	–	–
Independent Holders of Scheme Share Stapled Units excluding Participating Units⁽³⁾	160,580,500	8.03	–	–
Total	2,000,000,000	100.00	1,335,319,000	100

Notes:

- Out of the 190,643,500 Share Stapled Units, 619,500 Share Stapled Units are directly held by Mr. Tong JinQuan and 190,024,000 Share Stapled Units are held by Wealthy Fountain Holdings INC (“**Wealthy Fountain**”), a company wholly-owned by Mr. Tong JinQuan. Therefore, Mr. Tong JinQuan is also deemed to be interested in the Share Stapled Units held by Wealthy Fountain.
- Wii Pte. Ltd. is wholly owned by Wilmar International Limited (“**Wilmar International**”) (a company listed on the Singapore Stock Exchange Ltd). Mr. Kuok Khoon Hong (“**Mr. Kuok**”) is the chairman and chief executive officer of the board of directors of Wilmar International and a substantial shareholder of Wilmar International. HPRY Holdings Limited is wholly owned by Mr. Kuok.
- Perpetual (Asia) Limited held these 21,700,000 Share Stapled Units in its capacity as the trustee of Ho Lee Group Trust.
- Among the 160,580,500 Share Stapled Units held by the Independent Holders of Scheme Share Stapled Units excluding Participating Units, 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) were held by DBS Bank on a proprietary basis, acting in the

capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with.

5. All percentages in the above table are approximations.

As at the Latest Practicable Date, there were no options, warrants or convertible securities in respect of the Share Stapled Units held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Share Stapled Units entered into by the Offeror and the Offeror Concert Parties. Jinmao Hotel and the Company did not have any warrants, options, derivatives, convertible securities or other securities in issue which are convertible into Share Stapled Units as at the Latest Practicable Date.

6. OFFEROR'S INTENTION REGARDING JINMAO HOTEL AND THE COMPANY

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.

Following implementation of the Proposal, the Offeror intends that the Group should continue carrying on its current business and does not intend to make any major changes to the current operations or to discontinue the employment of employees of the Group. The Offeror will continue to monitor the Group's performance and implement appropriate strategies for the Group and its business in light of the challenging environment for hospitality industry in the PRC.

7. REASONS FOR AND BENEFITS OF THE PROPOSAL

Facilitate long-term growth

The Group is principally an asset owner of hotels and commercial properties in the PRC. These businesses currently face acute challenges arising from the global outbreak of COVID-19. The travel restrictions, quarantine measures and suspension of work imposed by many countries around the world have severely impacted the tourism and leasing industry. Although the Group has taken certain measures in response, its financial and trading prospects continue to be susceptible to the global fallout.

Despite the ongoing challenges, the Offeror remains committed to the Group's long-term prospects. The Offeror intends to implement the necessary transformations to the Group's property portfolio to steer through this difficult period, of which the Offeror will perform a comprehensive optimization and integration over all of its hotels (including those owned by the Group). Such centralized management is key to cost optimization and efficiency improvement, and is conducive to the unification of the personnel assessment and incentive mechanism. It is expected that such optimization and integration will improve the overall competitiveness of the hotels. For avoidance of doubt, the Group will still focus on hotel operation and management, and there will not be major changes to the current operation of the Group. There is no assurance on the success of the transformation and there could be adverse results to the Group's financial performance in the short to medium term, which may in turn affect the Group's ability to pay distribution in the future. The long term objectives are (i) to transform the Group into an internationally renowned and China's first-class hotel investor and operator; (ii) to stay committed to the ideology of "Innovation, Consolidation and Cooperation" (創新、整合、協作) in order to build the brand value and affiliated organisations; and (iii) to build the brand value and create a mutually beneficial platform for the benefit of the Group and the community as a whole through providing sustainable products, services and continuous policy innovation. The Proposal, if implemented, will give the Offeror greater flexibility to undertake the required transformation and make strategic decisions that align with the Group's long-term objectives, free from the short-term profit expectation, the pressure of market expectations, share price fluctuations and compliance requirements associated with maintaining the listing status of Jinmao Hotel and the Company.

Low liquidity of the Share Stapled Units

The liquidity of the Share Stapled Units has been at a relatively low level over a prolonged period of time, with an average daily trading volume of 221,869 Share Stapled Units since the listing of the Share Stapled Units on the Stock Exchange on 2 July 2014 up to and including the Last Trading Day, representing approximately 0.011% of the total issued Share Stapled Units as at the Last Trading Day. Low trading liquidity of the Share Stapled Units renders it difficult for Holders of Share Stapled Units to execute substantial on-market disposals without adversely affecting the price of the Share Stapled Units. Further, the Directors (excluding members of the Independent Board Committee whose views are set out in Part V of this Scheme Document) believe that such low liquidity hinders the ability of Jinmao Hotel and the Company to raise funds from the public equity market, which no longer serves as a viable source of funding for developing the Group's business.

Attractive opportunity to realise investments

The Proposal is intended to provide the Holders of Scheme Share Stapled Units with an attractive opportunity to realise their investments in Jinmao Hotel and the Company for cash at a premium. The Cancellation Price of HK\$4.80 is higher than the highest closing price in the recent 18-month period. The Cancellation Price represents a premium of approximately (i) 30.4% over the closing price of the Share Stapled Units on the Last Trading Day; (ii) 57.9% over the average closing price of the Share Stapled Units for the 5 trading days up to and including the Last Trading Day; (iii) 72.7% over the average closing price of the Share Stapled Units for the 10 trading days up to and including the Last Trading Day; (iv) 82.5% over the average closing price of the Share Stapled Units for the 30 trading days up to and including

the Last Trading Day; (v) 86.8% over the average closing price of the Share Stapled Units for the 60 trading days up to and including the Last Trading Day; and (vi) 64.4% over the average closing price of the Share Stapled Units for the 90 trading days up to and including the Last Trading Day.

The Boards have declared final and interim distributions in each of the three years ended 31 December 2017, 2018 and 2019 but the Trustee-Manager and the Company does not expect to declare any dividend or distribution before the Effective Date.

8. INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 00817). It is a large-scale developer and operator of quality real estate projects in the PRC. As of the Latest Practicable Date, the Offeror is owned as to 33.32% by Sinochem Hong Kong (Group) Company Limited, which in turn is wholly owned by Sinochem Corporation, which in turn is wholly owned by Sinochem Group. The Offeror is the platform enterprise of Sinochem Group in the development of real estate business. It is principally engaged in city operations, property development, commercial leasing, retail operations, hotel operations and finance and services. Sinochem Group is wholly owned by the SASAC. Therefore, the ultimate controlling shareholder of the Offeror is the SASAC.

9. INDEPENDENT BOARD COMMITTEE

An Independent Board Committee, comprising the following independent non-executive Directors, namely Dr. Chen Jieping, Dr. Xin Tao and Mr. Tse Yung Hoi, has been established by the Boards to make a recommendation to the Independent Unitholders, the Independent Ordinary Shareholders (voting through the Trustee-Manager), the Independent Preference Shareholders and the Holders of Share Stapled Units as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting in respect of the Scheme at the Court Meetings, and the Proposal at the Unitholders Meeting and the EGM.

Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, each being a non-executive Director, have abstained and will continue to abstain from voting at meetings of the Boards in relation to the Proposal given each of them has a material interest in the Proposal. Furthermore, as (i) Mr. Li Congrui and Mr. Jiang Nan are executive Directors of the Offeror and Mr. Zhang Hui is a member of the senior management of the Offeror, and (ii) Mr. Li Congrui and Mr. Jiang Nan are also shareholders and option holders of the Offeror and Mr. Zhang Hui is an option holder of the Offeror, they are not considered to be independent for the purpose of making a recommendation to the Proposal and are therefore precluded from joining the Independent Board Committee.

Independent Unitholders, Independent Ordinary Shareholders (voting through the Trustee-Manager), Independent Preference Shareholders and Holders of Share Stapled Units are reminded to carefully read the Scheme Document, including letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee contained therein, before making a decision as to voting in respect of the Scheme at the Court Meeting of Scheme Preference Shareholders and the Proposal at the Unitholders Meeting and the EGM.

10. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE

Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal and the Scheme. The appointment of Opus Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. The full text of the letter from the Independent Financial Adviser is set out in Part VI of this Scheme Document.

11. WITHDRAWAL OF LISTING OF SHARE STAPLED UNITS

Upon the Proposal becoming effective, (i) all the Scheme Shares will be cancelled and extinguished pursuant to the Scheme; and (ii) the Scheme Units will be cancelled in accordance with the Trust Deed and pursuant to the relevant resolutions of the Holders of Share Stapled Units passed at the EGM. The Scheme Share Stapled Units certificates will thereafter cease to have effect as documents or evidence of title. The Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company will apply to the Stock Exchange for the withdrawal of the listing of the Share Stapled Units on the Stock Exchange immediately following the Proposal becoming effective. The Holders of Share Stapled Units will be notified by way of an announcement of the exact date of the last day for dealing in the Share Stapled Units and on which the Scheme, the Proposal and the withdrawal of the listing of the Share Stapled Units on the Stock Exchange will become effective. A detailed timetable of the Proposal is included in this Scheme Document.

Jinmao Hotel and the Company will be privatized by way of a scheme of arrangement (under section 86 of the Companies Law) in compliance with the Takeovers Code, Rule 6.15(2) of the Listing Rules, the corresponding cancellation and reduction of the Scheme Units pursuant to Clause 34.2 of the Trust Deed and all the relevant requirements, and it is the intention of the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company not to retain the listing of the Share Stapled Units of Jinmao Hotel and the Company on the Stock Exchange after the implementation of the Proposal.

12. IF THE PROPOSAL IS NOT APPROVED OR OTHERWISE LAPSES

Subject to the requirements of the Takeovers Code, the Proposal will lapse if any Proposal Condition has not been fulfilled or waived, as applicable, on or before the Long Stop Date. The listing of the Share Stapled Units on the Stock Exchange will not be withdrawn if the Proposal does not become effective.

If the Proposal is not approved or otherwise lapses, there are restrictions under Rule 31.1 of the Takeovers Code on making subsequent offers, to the effect that neither the Offeror nor any person who acted in concert with it in the course of the Proposal (nor any person who is subsequently acting in concert with any of them) may, within 12 months from the date on which the Proposal is not approved or otherwise lapses, announce an offer or possible offer for the Share Stapled Units, except with the consent of the Executive.

Holders of Share Stapled Units and potential investors of Share Stapled Units should exercise caution when dealing in the securities of Jinmao Hotel and the Company. If they are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

13. OVERSEAS HOLDERS OF SCHEME SHARE STAPLED UNITS

This Scheme Document has been prepared for the purposes of complying with the laws of Hong Kong and the Cayman Islands, the Takeovers Code and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws of any other jurisdictions.

This Scheme Document does not constitute an offer to buy or sell Share Stapled Units or the solicitation of an offer to buy or subscribe for the Share Stapled Units in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The making and implementation of the Proposal to Holders of Scheme Share Stapled Units who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Holders of Scheme Share Stapled Units are located. Such Holders of Scheme Share Stapled Units should inform themselves about and observe any applicable legal, tax or regulatory requirements. It is the responsibility of any overseas Holders of Scheme Share Stapled Units wishing to take any action in relation to the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due from such holders in such jurisdiction.

As at the Latest Practicable Date, there were 20 holders of Share Stapled Units whose addresses as shown in the Share Stapled Units Register (the “**registered addresses**”) were outside Hong Kong and those holders of Scheme Share Stapled Units together held 37,004 Share Stapled Units (representing approximately 0.0019% of the total Share Stapled Units in issue as at the Latest Practicable Date). These 20 holders of Share Stapled Units included (i) one holder of Share Stapled Units in the United Kingdom holding 500 Share Stapled Units; (ii) two holders of Share Stapled Units in the Macao Special Administrative Region of the People’s Republic of China holding 30,000 Share Stapled Units in aggregate; (iii) two holders of Share Stapled Units in the United States of America holding two Share Stapled Units in aggregate; (iv) two holders of Share Stapled Units in the Cayman Islands holding two Share Stapled Units in aggregate; (v) eleven holders of Share Stapled Units in the People’s Republic of China holding 5,500 Share Stapled Units in aggregate; (vi) one holder of Share Stapled Units in the Republic of Singapore holding 500 Share Stapled Units; and (vii) one holder of Share Stapled Units in the British Virgin Islands holding 500 Share Stapled Units, respectively. The directors of the Offeror and the Directors had been advised by the local counsel in the aforementioned jurisdictions that there is no restriction under the respective laws or regulations of those jurisdictions against extending the Scheme and the Proposal automatically or dispatching this Scheme Document to those overseas holders of Share Stapled Units. The Scheme and the Proposal will be extended and this Scheme Document will be despatched to those overseas holders of Share Stapled Units.

Any acceptance by such Holders of Scheme Share Stapled Units will be deemed to constitute a representation and warranty from such persons to the Offeror, the Trustee-Manager (as trustee-manager of Jinmao Hotel) and the Company and their respective advisers that those laws and regulatory requirements have been complied with. If you are in doubt as to your position, you should consult your professional advisers.

14. MEETING REQUIREMENTS, VOTING RIGHTS AND REQUIREMENTS, FORMS OF PROXY AND VOTING PAPER REQUIREMENTS, AND EFFECT OF SCHEME OF ARRANGEMENT UNDER THE TRUST DEED**Meeting requirements**

Pursuant to the provisions of the Trust Deed, the meetings of the Unitholders, Ordinary Shareholder and the Preference Shareholders are subject to the following requirements:

- (a) Matters requiring approval by a resolution of the Unitholders under the Trust Deed must also be approved by an equivalent resolution of the Ordinary Shareholder and the Preference Shareholders. If a meeting of Unitholders is convened, a meeting of Ordinary Shareholder and a meeting of Preference Shareholders must also be convened and vice versa.
- (b) To the extent permitted under relevant laws and regulations, meetings of Unitholders, Ordinary Shareholder and Preference Shareholders shall be held on a combined basis as a single meeting of Holders of Share Stapled Units.
- (c) If that is not possible under the relevant laws and regulations to hold a combined meeting of Holders of Share Stapled Units, the meetings shall be held separately but consecutively, with the meeting of Unitholders being held immediately prior to the meetings of the Ordinary Shareholder and Preference Shareholders. This is to enable Unitholders, by exercising the voting rights conferred by the Units held by them, to give directions to the Trustee-Manager as to how to vote the specifically identified Ordinary Shares held by the Trustee-Manager which are linked to those Units, in respect of the resolution(s) to be proposed at the meeting of the Ordinary Shareholder.
- (d) In relation to meetings of Unitholders, Ordinary Shareholder and Preference Shareholders that are held separately but consecutively, to the extent practicable, the same or a substantially similar resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Hotel or the Company differently) shall be proposed for consideration at each meeting.
- (e) In relation to a meeting of Holders of Share Stapled Units, to the extent practicable, a single resolution shall be proposed to approve the matter to be considered by the Unitholders, Ordinary Shareholder and Preference Shareholders, which resolution shall be characterised as a resolution of the Holders of Share Stapled Units and shall serve as (i) a resolution of Unitholders; (ii) a resolution of Ordinary Shareholder; and (iii) a resolution of Preference Shareholders.

As the Scheme is only between the Company and the Scheme Shareholders under the Companies Law and does not relate to the Unitholders, the Court Meetings will only be meetings of the Scheme Shareholders. In view of the foregoing and to comply with the meeting requirements of the Trust Deed as set out above, a separate Unitholders Meeting will be required to be held immediately before the Court Meetings. The resolutions to be passed at the Unitholders Meeting and the Court Meetings will be substantially same, i.e. to consider, and if thought fit, approve the Scheme.

Immediately following the Unitholders Meeting and the Court Meetings, the EGM, being a combined meeting of Holders of Share Stapled Units, will be convened for the purpose of considering and, if thought fit, approving, among others, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective.

Voting rights and requirements

Under the Trust Deed, a Holder of Share Stapled Units will be entitled to exercise the following voting rights conferred by the Share Stapled Unit:

- (a) a vote of the Unit which is a component of the Share Stapled Unit, at meetings of Unitholders convened and held in accordance with the provisions of the Trust Deed; and
- (b) two votes at meetings of the Ordinary Shareholder and the Preference Shareholders convened and held in accordance with the provisions of the Articles of Association and the Trust Deed. Those votes are:
 - (i) a vote in respect of the Preference Share which is stapled to the Unit and registered in the name of the Holder of Share Stapled Unit in respect of any required resolution of the Preference Shareholders; and
 - (ii) a vote in respect of the Ordinary Share which is linked to the Unit and registered in the name of the Trustee-Manager. The vote conferred by the Ordinary Share which is linked to the Unit is exercised by the Holder of Share Stapled Unit giving a direction to the Trustee-Manager to vote that Ordinary Share at meetings of the Ordinary Shareholder.

In relation to both meetings of Holders of Share Stapled Units and meetings of Unitholders, Ordinary Shareholder and Preference Shareholders to be held separately but consecutively, the Trust Deed provides that holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, which shall serve as a vote in respect of both the Unit and the Preference Share constituting that Share Stapled Unit, either for or against in respect of (as the case may be):

- (a) a resolution proposed at a meeting characterised as a meeting of Holders of Share Stapled Units; or
- (b) a resolution of Unitholders, a resolution of Ordinary Shareholder and a resolution of Preference Shareholders, which deal with the same, or substantially the same, matter proposed at separate but consecutive meetings of Unitholders, Ordinary Shareholder and Preference Shareholders.

Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of a resolution proposed at a meeting of Holders of Share Stapled Units and some of them against the relevant resolution, provided that the provisions of the Trust Deed described in the foregoing paragraphs are complied with in respect of each individual Share Stapled Unit registered in his name.

Similarly, a holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of both resolutions dealing with the same, or substantially the same, matter proposed at separate meetings of holders of Units, Ordinary Shares and Preference Shares held consecutively, and some of them against both those resolutions, provided that the provisions of the Trust Deed described in the foregoing paragraphs are complied with in respect of each individual Share Stapled Unit registered in his name.

In view of the foregoing requirements, in respect of the Unitholders Meeting and the Court Meetings:

- (a) a Unitholder (other than the Offeror) shall be entitled to cast a vote in respect of his Unit at the Unitholders Meeting;
- (b) the Trustee-Manager (as the sole legal owner of the Ordinary Shares) will exercise its voting rights of the Ordinary Shares in the relevant Court Meeting in accordance with the votes conferred by the Units to which the Ordinary Shares are linked in the Unitholders Meeting; and
- (c) the votes casted by the holders of the Scheme Preference Shares/Independent Preference Shareholders at the relevant Court Meeting shall be deemed to have casted in the same way as per their votes in the Unitholders Meeting.

In respect of the EGM, a holder of Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit for each resolution to be considered at the EGM.

Unitholders Meeting and Court Meetings

In respect of meetings of Unitholders, Ordinary Shareholder and Preference Shareholders held separately but consecutively to consider the same, or substantially the same, resolution, the Trust Deed provides that the form of proxy and the form of voting paper provided for use in respect of the meeting of Unitholders shall, unless expressly stated otherwise in the relevant form, have the effect that the vote given in respect of Units either for or against a resolution shall also constitute an instruction to the Trustee-Manager to vote the same number of Ordinary Shares which are linked to the Units in the same way (either for or against) in respect of the resolution dealing with the same, or substantially the same, matter at the separate but consecutive meetings of Ordinary Shareholder and Preference Shareholders.

In relation to meetings of Holders of Share Stapled Units, the Trust Deed provides that the form of proxy to be provided to Holders of Share Stapled Units, and the form of voting paper, will, in each case, be a single, composite, form. Unless otherwise expressly stated in the form of proxy or the form of voting paper provided for use in respect of the meeting of Holders of Share Stapled Units, the effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution characterised in the form of proxy or voting paper as a resolution of Holders of Share Stapled Units to be proposed at a meeting of Holders of Share Stapled Units shall be that the vote given in respect of the Share Stapled Units in question shall constitute:

- (a) a vote of the Units included in the Share Stapled Units, in respect of any required resolution of holders of Units;
- (b) a vote of the Preference Shares stapled to those Units in respect of any required resolution of holders of Preference Shares; and
- (c) an instruction to the Trustee-Manager to vote the number of Ordinary Shares linked to the relevant Units in the same way (either for or against) in respect of any required resolution of holders of Ordinary Shares.

In light of the above, the following arrangements will be in place for the forms of proxy and voting papers for the Meetings:

(a) Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders

The form of proxy and the form of voting paper provided for use in respect of these two meetings will be combined, and the form of voting paper will be completed and collected at the Unitholders Meeting.

Such combined form of proxy and combined form of voting paper shall have the effect that the vote given in respect of Units either for or against a resolution shall also constitute the same number of vote given for the Preference Shares which are linked to the Units in the same way (either for or against) in respect of the resolution dealing with the same, or substantially the same, matter.

(b) Court Meeting of Scheme Ordinary Shareholder

The form of voting paper will only be made available to the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares), who will exercise its voting rights of the Scheme Ordinary Shares in the Court Meeting of Scheme Ordinary Shareholder in accordance with the votes conferred by the Scheme Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.

(c) EGM

The form of proxy and the form of voting paper of the EGM to be provided to Holders of Share Stapled Units will, in each case, be a single, composite, form. The effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution characterised in the form of proxy or voting paper as a resolution of Holders of Share Stapled Units to be proposed at the EGM shall be that the vote given in respect of the Share Stapled Units in question shall constitute.

Effect of scheme of arrangement

Pursuant to the terms of the Trust Deed, where a scheme of arrangement proposed between the Company and the Ordinary Shareholders and the Preference Shareholders (a) has been approved by a majority in number representing 75% in value (or such other approval as may be required by the Companies Law from time to time) of the Ordinary Shareholder and Preference Shareholders and sanctioned by the Grand Court in accordance with the Companies Law and (b) has been approved by an extraordinary resolution of Unitholders (i.e. a majority in number representing 75% or more in value), subject to compliance with the provisions of the relevant laws and regulations and the Takeovers Code, such scheme of arrangement shall, upon delivery to the Registrar of Companies of a copy of the order sanctioning the same, be binding on all Unitholders, Ordinary Shareholders and Preference Shareholders (including the Holders of Share Stapled Units) and also on the Company and the relevant Scheme Ordinary Shares, Scheme Preference Shares and Scheme Units (as components of the Share Stapled Units) shall be transferred to the transferee, cancelled or otherwise dealt with (as the case may be) in accordance with the terms of such scheme of arrangement.

Therefore, upon the Proposal becoming effective, it will bind all holders of Units, Ordinary Shares and Preference Shares (including the Holders of Share Stapled Units) and also on the Company and the relevant Ordinary Shares, Preference Shares and Units. Please refer to the paragraph headed “11. Withdrawal of Listing of Share Stapled Units” in this section on the details of the arrangements upon the Proposal becoming effective.

Summary

The below table summarises the meeting, voting, and forms of proxy/voting paper arrangements and the approval threshold for the Proposal:

Sequence of the meetings to be convened for the Proposal	Summary of the resolutions to be considered at the meeting	Approval threshold	Voting arrangement	Forms of proxy and voting paper arrangement
1. Unitholders Meeting	the Scheme and the Proposal	Conditions (a) and (b) above in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part	A Unitholder (other than the Offeror) shall be entitled to cast a vote in respect of his Unit.	A combined form of proxy and combined form of voting paper for both the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders. The vote for the Scheme Units shall also constitute the same vote for the Scheme Preference Shares on the same resolution.
2. Court Meeting of Scheme Ordinary Shareholder	the Scheme	Conditions (c) and (d) above in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part	In relation to condition (c) as set forth in the section headed “2. The Proposal – Proposal Conditions” above in this part, for the purposes of determining the majority in number of the holders of Scheme Ordinary Shares only, the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will cast one vote in accordance with the instructions of the majority of the votes which are cast by the Scheme Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.	The form of voting paper will only be made available to the Trustee-Manager.

Sequence of the meetings to be convened for the Proposal	Summary of the resolutions to be considered at the meeting	Approval threshold	Voting arrangement	Forms of proxy and voting paper arrangement
			In relation to conditions (c) and (d) (for the purposes of determining the value of the Scheme Ordinary Shares present and voting) as set forth in the section headed “2. The Proposal – Proposal Conditions” above in this part, the Trustee-Manager (as the sole legal owner of the Scheme Ordinary Shares) will exercise the voting rights of the Scheme Ordinary Shares in the same proportion as the votes which are cast by the Units to which the Scheme Ordinary Shares are linked in the Unitholders Meeting.	
3. Court Meeting of Scheme Preference Shareholders	the Scheme	Conditions (e) and (f) above in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part	The votes cast by the holders of the Scheme Preference Shares/ Independent Preference Shareholders at the Court Meeting of Scheme Preference Shareholders shall be deemed to have cast in the same way as per their votes in the Unitholders Meeting.	A combined form of proxy and combined form of voting paper for both the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders. The vote for the Scheme Units shall also constitute the same vote for the Scheme Preference Shares on the same resolution.
4. EGM	Reduction of share capital of the Company by cancelling and extinguishing the Scheme Shares, cancellation of the Scheme Units, and withdrawal of listing of Share Stapled Units	Condition (g) above in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part	A holder of Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit for each resolution.	The form of proxy and the form of voting paper of the EGM to be provided to Holders of Share Stapled Units will, in each case, be a single, composite, form.

15. THE SCHEME SHARE STAPLED UNITS, THE UNITHOLDERS MEETING, THE COURT MEETINGS AND THE EGM

As at the Latest Practicable Date, the Offeror held an aggregate of 1,335,319,000 Share Stapled Units, representing approximately 66.77% of the total number of issued Share Stapled Units, which would not constitute Scheme Share Stapled Units and would not be cancelled and extinguished upon the Proposal becoming effective. The 350,000 Share Stapled Units held by Mr. Li Congrui, 771,000 Share Stapled Units held by Mr. Zhang Hui, and 484,500 Share Stapled Units held by Mr. Jiang Nan, will form part of the Scheme Share Stapled Units and will be cancelled and extinguished upon the Proposal becoming effective.

The Offeror and the Offeror Concert Parties have undertaken to the Grand Court that they will be bound by the Scheme, so as to ensure that they will comply with and be subject to the terms and conditions of the Scheme.

Members of the DBS Group, being a party acting in concert with the Offeror, did not legally or beneficially own, control or have direction over any Share Stapled Units, save for the 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) held by DBS Bank on a proprietary basis, acting in the capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader (i.e., the 24,250,000 Share Stapled Units) shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or as an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with.

All Holders of Share Stapled Units will be entitled to attend the EGM and vote on, among other things, a special resolution to approve and give effect to (a) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (b) the cancellation of the Scheme Units; and (c) the withdrawal of listing of the Share Stapled Units upon the Proposal becoming effective.

The Offeror has undertaken that if the Scheme is approved at the Unitholders Meeting and the Court Meetings, it will cast the votes in respect of those Share Stapled Units held by it in favour of the resolutions to be proposed at the EGM.

16. COSTS OF THE SCHEME

If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by Jinmao Hotel and the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Since the Independent Board Committee and the Independent Financial Adviser have both recommended the Proposal, Jinmao Hotel, the Company and the Offeror have agreed that each party will bear their own costs, charges and expenses.

17. GENERAL

1. The Offeror confirmed that, as at the Latest Practicable Date:
 - (a) save as disclosed in paragraph headed “Holding Structure of the Share Stapled Units” in this section, none of the Offeror and the Offeror Concert Parties owned, controlled or had direction over any voting rights and rights over Share Stapled Units;
 - (b) there were no arrangements (whether by way of option, indemnity or otherwise) in relation to Share Stapled Units between the Offeror and the Offeror Concert Parties and any other person which might be material to the Proposal;
 - (c) save for the conditions disclosed in the paragraph headed “2. The Proposal – Proposal Conditions” above in this part, there was no agreement or arrangement to which the Offeror was a party which related to the circumstances in which it might or might not invoke or seek to invoke a pre-condition or a condition to the Proposal and/or the Scheme;
 - (d) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to Share Stapled Units or the shares of the Offeror which might be material to the Proposal and/or the Scheme;
 - (e) none of the Offeror and the Offeror Concert Parties had borrowed or lent any Share Stapled Units or any other securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Jinmao Hotel or the Company;
 - (f) there are no options, warrants or convertible securities in respect of the Share Stapled Units held, controlled or directed by the Offeror and the Offeror Concert Parties, or outstanding derivatives in respect of the Share Stapled Units entered into by the Offeror and the Offeror Concert Parties;
 - (g) save for the Irrevocable Undertakings, no irrevocable commitment to vote for or against the Proposal had been received by the Offeror and the Offeror Concert Parties;
 - (h) save for the Irrevocable Undertakings, there was no understanding, arrangement or agreement or special deal between (i) any Holders of Share Stapled Units and (ii) (a) the Offeror and the Offeror Concert Parties or (b) Jinmao Hotel, the Company, its subsidiaries or associated companies (including the Trustee-Manager); and

- (i) save for the Cancellation Price, there was no other consideration, compensation or benefit in whatever form paid or to be paid by the Offeror and the Offeror Concert Parties to the Holders of Scheme Share Stapled Units or their concert parties.
2. Save for the proprietary dealing in the Share Stapled Units by members of the DBS Group as further detailed in “Appendix II – General Information of the Group and the Offeror – (3) Disclosure of Interests – (c) Dealings in the relevant securities of Jinmao Hotel and the Company”, during the Relevant Period, none of the Offeror or the Offeror Concert Parties had dealt for value in any Share Stapled Units, convertible securities, warranties, options and derivatives in respect of the Share Stapled Units.
3. The Trust Deed includes an Exchange Right for the benefit of the Registered Holders of Share Stapled Units. By passing an extraordinary resolution of the Registered Holders of Share Stapled Units, Registered Holders of Share Stapled Units may require that all (but not part only) of the Share Stapled Units in issue be exchanged on an one for one basis for the underlying Ordinary Shares held by the Trustee-Manager (as trustee-manager of Jinmao Hotel) that are linked to the Units being exchanged.

If the Exchange Right is exercised, Jinmao Hotel and the Trust Deed would terminate, the Units and Preference Shares would be exchanged with the Trustee-Manager (as trustee-manager of Jinmao Hotel) and cancelled pursuant to the exercise of the Exchange Right and the former Registered Holders of Share Stapled Units would become the holders of an equal number of listed Ordinary Shares. As at the Latest Practicable Date, the Exchange Right had not been exercised by any Registered Holders of Share Stapled Units.

18. THE UNITHOLDERS MEETING, THE COURT MEETINGS AND THE EGM

The Scheme is only between the Company and the Scheme Shareholders under the Companies Law, not the Unitholders with respect to Jinmao Hotel. To comply with the meeting requirements of the Trust Deed and the Articles of Association, a separate Unitholders Meeting will be required to be held immediately before the Court Meeting of Scheme Ordinary Shareholder to enable Unitholders (other than the Offeror) (i.e. holders of Scheme Units) to pass a resolution instructing the Trustee Manager, as holder of the Scheme Ordinary Shares, on how to vote at the Court Meeting of Scheme Ordinary Shareholder.

In accordance with the direction of the Grand Court, the Court Meetings will be held for the purpose of considering and, if thought fit, passing the resolution to approve the Scheme (with or without modification(s)). The Trustee-Manager (as the sole legal owner of the Ordinary Shares) will exercise its voting rights of the Ordinary Shares at the Court Meeting of Scheme Ordinary Shareholder in accordance with the votes conferred by the Units to which the Ordinary Shares are linked at the Unitholders Meeting. Following the Court Meeting of Scheme Ordinary Shareholder, all holders of Scheme Preference Shareholders whose names appear on the Register of Members and Hong Kong Register of Members as at the Court Meeting Record Date will be entitled to attend and vote on the Scheme at the Court Meeting of Scheme Preference Shareholders in person or by proxy.

In accordance with the direction from the Grand Court, for the purpose of calculating the “majority in number”, HKSCC Nominees Limited, being the registered holder of Share Stapled Units in CCASS, shall be permitted to vote once only, either “for” or “against” the Scheme in accordance with instructions from individual CCASS Participants for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied.

In relation to the Court Meeting of Scheme Ordinary Shareholder, the Trustee Manager, as the holder of the legal title to the Ordinary Shares shall be permitted to vote once only, either “for” or “against” the Scheme in accordance with the votes cast at the Unitholders Meeting held immediately prior to the Court Meeting of Scheme Ordinary Shareholder for the purposes of ascertaining whether or not the requirement that a majority in number of the Scheme Ordinary Shareholder approve the Scheme under section 86(2) of the Companies Law has been satisfied. The Trustee Manager shall specify the value of the Scheme Ordinary Shares cast in favour of the Scheme and the number of Unitholders who have given instructions to vote in favour and the value of Scheme Ordinary Shares cast against the Scheme and the number of Unitholders who have given instructions to vote against and shall be treated as having voted in favour of and against the Scheme in the amount and for the value so specified for the purpose of ascertaining whether or not the requirement that seventy-five per cent. in value of the Scheme Ordinary Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied.

In relation to the Court Meeting of Scheme Preference Shareholders, in accordance with the Companies Law, the “75% in value” requirement will be met if the total value of the Scheme Preference Shares being voted in favour of the Scheme is at least 75% of the total value of the Scheme Preference Shares voted at the Court Meetings of Scheme Preference Shareholders. In accordance with the Companies Law, the “majority in number” requirement will be met if the number of the holders of Scheme Preference Shares voting in favour of the Scheme exceeds the number of the holders of Scheme Preference Shares voting against the Scheme at the Court Meeting of Scheme Preference Shareholders. For the purpose of calculating the “majority in number” requirement, the number of the holder of Scheme Preference Shares, present and voting in person or by proxy, will be counted.

The EGM will be held immediately following the Unitholders Meeting and the Court Meetings have been concluded or adjourned for the purpose of considering and, if thought fit, passing resolutions to approve, among other things, a special resolution to approve and give effect to (i) the reduction of the share capital of the Company by cancelling and extinguishing the Scheme Shares; (ii) the cancellation of the Scheme Units; and (iii) the withdrawal of listing of the Share Stapled Units on the Stock Exchange upon the Proposal becoming effective. All Holders of Share Stapled Units whose names appear on the Share Stapled Units Register at the EGM Record Date will be entitled to attend and vote in person or by proxy on such resolutions at the EGM.

At the EGM, a poll will be taken and each Holder of Share Stapled Unit present and vote, either in person or by proxy, will be entered to vote all of his/her/its Share Stapled Units in favour of (or against) the special resolution. Alternatively, such Holder of Share Stapled Unit may vote some of their Share Stapled Units in favour of the special resolution and any or all of the balance of their Share Stapled Units against the special resolution (and vice versa).

At the relevant EGM, the special resolution will be put to the vote by way of poll as required under Rule 13.39(4) of the Listing Rules.

Announcement(s) will be jointly made by Jinmao Hotel, the Company and the Offeror in relation to the results of the Unitholders Meeting, the Court Meetings and the EGM in accordance with Rule 19.1 of the Takeovers Code to the extent applicable. Information on the number of votes cast for and the number of votes cast against the Proposal or Scheme (as the case may be) and the number of CCASS Participants on whose instructions they are cast will be included in such announcement(s).

Notices of the Unitholders Meeting, the Court Meeting of Scheme Ordinary Shareholder, the Court Meeting of Scheme Preference Shareholders and the EGM are set out in Appendix IV, Appendix V, Appendix VI and Appendix VII, respectively, to this Scheme Document.

19. ACTIONS TO BE TAKEN BY THE HOLDERS OF SHARE STAPLED UNITS

Your attention is drawn to the section headed “Actions to be taken – Actions to be taken by the Holders of Share Stapled Units” set out in Part II of this Scheme Document.

20. RECOMMENDATIONS

Opus Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal. The appointment of Opus Capital as the Independent Financial Adviser has been approved by the Independent Board Committee. The text of the letter of advice from the Independent Financial Adviser containing its recommendation and the principal factors and reasons that it has taken into consideration in arriving at its recommendation is set out in Part VI of this Scheme Document. We would advise you to read this letter and the letter of advice from the Independent Financial Adviser carefully before you take any action in respect of the Proposal.

The Independent Board Committee has considered the terms of the Proposal and taken into account the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendation as set out in the letter from the Independent Financial Adviser in Part VI of this Scheme Document. The Independent Board Committee’s recommendation is set out in Part V of this Scheme Document.

As at the Latest Practicable Date, Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, each being a non-executive Director, had abstained and would continue to abstain from voting at meetings of the Boards in relation to the Proposal given each of them had a material interest in the Proposal. Furthermore, as (i) Mr. Li Congrui and Mr. Jiang Nan are executive Directors of the Offeror and Mr. Zhang Hui is a member of the senior management of the Offeror, and

(ii) Mr. Li Congrui and Mr. Jiang Nan were also shareholders and option holders of the Offeror and Mr. Zhang Hui was an option holder of the Offeror, they were not considered to be independent for the purpose of making a recommendation to the Proposal and were therefore precluded from joining the Independent Board Committee.

21. REGISTRATION AND PAYMENT

Assuming that the Scheme Record Date falls on 28 September 2020, it is proposed that the Registers will be closed from 28 September 2020 (or such other date as the Holders of Share Stapled Units may be notified by way of an announcement) onwards in order to determine entitlements under the Scheme. In order to qualify for entitlements under the Scheme, Holders of Share Stapled Units should ensure that the transfers of their Share Stapled Units are lodged with the Share Stapled Units Registrar for registration in their names or in the names of their nominees before 4:30 p.m. on 25 September 2020. The Share Stapled Units Registrar is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Payment of the Cancellation Price to Holders of Scheme Share Stapled Units

Upon the Proposal becoming effective, payment of the Cancellation Price for the Holders of Scheme Share Stapled Units will be made to the Holders of Scheme Share Stapled Units whose names appear on the Share Stapled Units Register as at the Scheme Record Time on the Scheme Record Date. On the basis that the Proposal becomes effective on or about 28 September 2020 (Cayman Islands time), cheques for payment of the Cancellation Price will be paid by the Offeror as soon as possible but in any event within 7 Business Days following the Proposal having become effective and accordingly, the cheques are expected to be despatched on or before 9 October 2020. Cheques will be sent by ordinary post in envelopes addressed to the persons entitled thereto at their respective registered addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the Share Stapled Units Register in respect of the joint holding. All such cheques will be sent at the risk of the person(s) entitled thereto and none of the Offeror, the Trustee-Manager, the Company, DBSAC and the Share Stapled Units Registrar, being Computershare Hong Kong Investor Services Limited, will be responsible for any loss or delay in despatch.

On or after the day being six calendar months after the posting of such cheques, the Offeror shall have the right to cause the cancellation of any cheque which has not been cashed or has been returned uncashed and place all monies represented by the cheque in a deposit or custodian account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror.

The Offeror shall hold such monies on trust for those entitled under the terms of the Scheme of Arrangement until the expiration of six years from the Effective Date and shall prior to such date pay out of such monies the sums payable pursuant to the Scheme of Arrangement to persons who satisfy the Offeror that they are entitled thereto and such cheques of which they are payees have not been cashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this

Scheme of Arrangement. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.

On the expiry of six years from the Effective Date, the Offeror, the Trustee-Manager, Jinmao Hotel and the Company shall be released from any further obligation to make any payments under the Scheme and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.

Assuming that the Proposal becomes effective, all existing certificates representing the Share Stapled Units will cease to have effect as documents or evidence of title as from the Effective Date, which is expected to be on or about 28 September 2020 (Cayman Islands time).

Settlement of the Cancellation Price to which the Holders of Scheme Share Stapled Units are entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme, without regard to any encumbrance, lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Holders of Scheme Share Stapled Units.

22. TAXATION

As the Proposal does not involve the sale and purchase of Hong Kong stock, no stamp duty will be payable pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) on the cancellation and extinguishment of the Share Stapled Units upon the Scheme becoming effective. The Holders of Scheme Share Stapled Units, whether in Hong Kong or in other jurisdictions, are recommended to consult their own professional advisers if they are in doubt as to the taxation implications of accepting the Proposal. It is emphasized that none of the Offeror, the Trustee Manager, the Company, parties acting in concert with them or presumed to be acting in concert with them and their respective advisers or any of their respective directors, officers or associates or any other person involved in the Proposal accepts any responsibility whatsoever for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Proposal.

23. THE SCHEME AND THE COURT MEETINGS

Pursuant to Section 86 of the Companies Law, where an arrangement is proposed between a company and its members or any class of them, the Grand Court may, on the application of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such manner as the Grand Court directs.

It is expressly provided in Section 86 of the Companies Law that if a majority in number representing 75% in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting held as directed by the Grand Court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the Grand Court, be binding on all members or class of members, as the case may be, and also on the Company.

24. ADDITIONAL REQUIREMENTS AS IMPOSED BY RULE 2.10 OF THE TAKEOVERS CODE

Rule 2.10 of the Takeovers Code provides that in addition to satisfying any voting requirements imposed by law as summarized above, other than with the consent of the Executive, a scheme of arrangement used to privatize a company may only be implemented if:

- (a) the scheme is approved by at least 75% of the votes attaching to the disinterested shares (i.e. shares in the company other than those which are owned by the offeror or persons acting in concert with the offeror) that are cast either in person or by proxy at a duly convened meeting of the holders of the disinterested shares; and
- (b) the number of votes cast against the resolution to approve the scheme at such meeting is not more than 10% of the votes attaching to all the disinterested shares.

Accordingly, Rule 2.10 of the Takeovers Code will be satisfied when all of the following conditions are met:

- (a) at the Unitholders Meeting, when (i) the Scheme and the Proposal are approved by at least 75% of the votes attaching to the Units held by the Independent Unitholders that are cast either in person or by proxy, and (ii) the number of votes cast against the resolution to approve the Scheme and the Proposal is not more than 10% of the votes attaching to all Units held by Independent Unitholders;
- (b) at the Court Meeting of Scheme Ordinary Shareholder, when the Trustee-Manager, as the sole legal owner of the Ordinary Shares, exercised the voting rights of the Scheme Ordinary Shares in the same proportion as the votes which are cast by the Units which the Scheme Ordinary Shares are linked in the Unitholders Meeting as referred to in paragraph (a) above, such that (i) the Scheme would be approved by at least 75% of the votes attaching to the Ordinary Shares beneficially owned by the Independent Ordinary Shareholders, and (ii) the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all Ordinary Shares beneficially owned by all the Independent Ordinary Shareholders; and
- (c) at the Court Meeting of Scheme Preference Shareholders, when the votes cast by the holders of the Independent Preference Shareholders are casted in the same way as per their votes in the Unitholders Meeting as referred to in paragraph (a) above, such that (i) the Scheme are approved by at least 75% of the votes attaching to the Preference Shares held by the Independent Preference Shareholders that are cast either in person or by proxy, and (ii) the number of votes cast against the resolution to approve the Scheme is not more than 10% of the votes attaching to all Preference Shares held by the Independent Preference Shareholders.

As at the Latest Practicable Date, the Independent Holders of Scheme Share Stapled Units legally or beneficially owned, controlled or had direction over a total of 663,846,500 Share Stapled Units and 10% of the votes attached to all Scheme Share Stapled Units legally or beneficially owned, controlled, or directed by the Independent Holders of Scheme Share Stapled Units was approximately 66,384,650 Share Stapled Units.

25. BENEFICIAL OWNERS

Beneficial Owners are urged to have their names entered in the Registers as soon as possible for, among other things, the following reasons:

- (a) to enable the Beneficial Owners to become Holders of Share Stapled Units so that they can attend the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM in the respective capacity as Unitholders, Preference Shareholders and Holders of Share Stapled Units or be represented by proxies to be appointed by them and to be included for the purpose of calculating the majority in number of Unitholders and Preference Shareholders, and the votes cast at the Unitholders Meeting will be for the purposes of ascertaining whether or not the requirement that a majority in number of the Ordinary Shareholders approve the Scheme under section 86(2) of the Companies Law has been satisfied;
- (b) to enable the Trustee-Manager and the Company to properly classify holders of the Company as Unitholders, Preference Shareholders and Holders of Share Stapled Units for the purposes of Section 86 of the Companies Law; and
- (c) to enable the Trustee-Manager, the Company and the Offeror to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Proposal becomes effective.

No person shall be recognised by the Trustee-Manager and the Company as holding any Share Stapled Units upon any trust. In the case of any Beneficial Owner whose Share Stapled Units are held upon trust by, and registered in the name of, a Registered Owner (other than HKSCC Nominees Limited), such Beneficial Owner should contact the Registered Owner and provide him, her or it with instructions or make arrangements with the Registered Owner in relation to the manner in which the Share Stapled Units of the Beneficial Owner should be voted at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM. Such instructions and/or arrangements should be given or made in advance of the relevant latest time for the lodgement of forms of proxy in respect of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and the EGM in order to provide the Registered Owner with sufficient time to accurately complete his, her or its proxy and to submit it by the deadline. To the extent that any Registered Owner requires instructions from or arrangements to be made with any Beneficial Owner at a particular date or time in

advance of the relevant latest time for the lodgement of forms of proxy in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders and/or the EGM, then any such Beneficial Owner should comply with the requirements of such Registered Owner.

Any Beneficial Owner whose Share Stapled Units are deposited in CCASS and registered under the name of HKSCC Nominees Limited must, unless such Beneficial Owner is a person admitted to participate in CCASS as an Investor Participant, contact their broker, custodian, nominee or other relevant person who is, or has in turn deposited such Share Stapled Units with, another CCASS Participant regarding voting instructions to be given to such person(s) if they wish to vote in respect of the Scheme. Beneficial Owners should contact their broker, custodian, nominee or such other relevant person in advance of the deadline(s) in respect of the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM set by them, in order to provide such broker, custodian, nominee or other relevant person with sufficient time to provide HKSCC Nominees Limited with instructions or make arrangements with HKSCC Nominees Limited in relation to the manner in which Units, Preference Shares and/or Share Stapled Units of the Beneficial Owner should be voted at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM. The procedures for voting in respect of the Scheme by HKSCC Nominees Limited with respect to the Share Stapled Units registered under the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS” and the “CCASS Operational Procedures” in effect from time to time.

26. BINDING EFFECT OF THE PROPOSAL

Upon the Proposal becoming effective, it will be binding on the Offeror, Jinmao Hotel, the Company and all Holders of Share Stapled Units, regardless of how they voted (or whether they voted) at the Unitholders Meeting, the Court Meeting of Scheme Preference Shareholders and/or the EGM.

The Trustee-Manager is bound to act according to the terms of the Trust Deed including to, among other matters, exercise its voting rights of the Ordinary Shares in accordance with the votes conferred by the Units to which the Ordinary Shares are linked in the Unitholders Meeting and are bound by a scheme of arrangement proposed by the Company and approved by the Scheme Ordinary Shareholder and Scheme Preference Shareholders in accordance with the Companies Law. Further details of the voting arrangements between the holders of Share Stapled Units and the Trustee-Manager are set out in the paragraph headed “14. Meeting requirements, voting rights and requirements, forms of proxy and voting paper requirements, and effect of Scheme of Arrangement under the Trust Deed” in this section.

27. SUMMARY OF ACTIONS TO BE TAKEN

The summary of actions to be taken by the Holders of Share Stapled Units can be found in the section headed “Actions to be Taken” set out in Part II of this Scheme Document.

28. RECOMMENDATION

Your attention is drawn to the following:

- (a) the paragraph headed “20. Recommendations” in the letter from the Boards in Part IV of this Scheme Document;
- (b) the letter from the Independent Board Committee set out in Part V of this Scheme Document; and
- (c) the letter from Independent Financial Adviser set out in Part VI of this Scheme Document.

29. FURTHER INFORMATION

Further information is set out in the Appendices to, and elsewhere in, this Scheme Document, all of which form part of this Explanatory Statement.

The Holders of Share Stapled Units and Holders of Scheme Share Stapled Units should rely only on the information contained in this Scheme Document. None of the Offeror, the Trustee-Manager, the Company, parties acting in concert with them or presumed to be acting in concert with them and their respective advisers or any of their respective directors, officers or associates or any other person involved in the Proposal has authorized anyone to provide you with information that is different from what is contained in this Scheme Document.

1. FINANCIAL SUMMARY

The following summary financial information for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019 has been extracted from the interim results announcement and published financials statement of Jinmao Hotel and the Group for the six months period ended 30 June 2020 and for the years ended 31 December 2017, 2018 and 2019 respectively.

The financial information for the six months ended 30 June 2020 are unaudited. The auditor's reports issued by Ernst & Young in respect of Jinmao Hotel and the Group's audited consolidated financial statements for each of the three years ended 31 December 2017, 2018 and 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

Consolidated Statement of Profit or Loss

	For the six months ended 30 June 2020	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Audited)</i>	<i>(Audited)</i>	<i>(Audited)</i>
Revenue	611,213	2,473,670	2,564,936	2,595,448
Cost of sales	(296,550)	(1,056,370)	(1,090,099)	(1,109,683)
Gross profit	314,663	1,417,300	1,474,837	1,485,765
Other income and gains	26,507	48,645	35,097	22,622
Fair value (losses)/gains on investment properties	(5,880)	101,696	63,689	38,786
Selling and marketing expenses	(37,445)	(132,678)	(140,830)	(152,350)
Administrative expenses	(291,815)	(654,549)	(687,648)	(742,959)
Other expenses and losses (Net)	10	(4,130)	(8,938)	(4,379)
Finance costs	(157,636)	(329,014)	(314,600)	(280,651)
Share of profits and losses of:				
Joint ventures	553	829	2,426	2,678
An associate	(6,697)	(11,707)	–	–
Profit/(loss) before tax	(157,740)	436,392	424,033	369,512
Income tax credit/(expense)	512	(190,037)	(173,615)	(149,569)
Profit/(loss) for the period	(157,228)	246,355	250,418	219,943
<i>(Note)</i>				
Earnings per Share Stapled				
Unit/share of the Company				
Basic (RMB)	(0.08)	0.12	0.13	0.11
Diluted (RMB)	(0.08)	0.12	0.13	0.11

Note: Profit for the period was all attributable to the Company as all subsidiaries in the Group are wholly-owned by the Company.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the six months ended 30 June 2020	For the year ended 31 December 2019	For the year ended 31 December 2018	For the year ended 31 December 2017
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Audited)</i>	<i>RMB'000</i> <i>(Audited)</i>	<i>RMB'000</i> <i>(Audited)</i>
Profit/(loss) for the period	(157,228)	246,355	250,418	219,943
Net loss on cash flow hedges	(39,249)	5,460	(11,395)	–
Net income/(loss) on net investment hedges	–	–	2,412	(1,459)
Exchange differences on translation of foreign operations	(142,037)	(149,579)	(277,680)	343,595
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods, net of tax	(181,286)	(144,119)	(286,663)	342,136
Gains on property revaluation	–	67,983	–	–
Income tax effect	–	(16,996)	–	–
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods (Net of tax)	–	50,987	–	–
Other comprehensive (loss)/income for the period (Net of tax)	(181,286)	(93,132)	(286,663)	342,136
Total comprehensive (loss)/income for the period (<i>Note</i>)	(338,514)	153,223	(36,245)	562,079

Note: Comprehensive income or loss for the period was all attributable to the Company as all subsidiaries in the Group are wholly-owned by the Company.

APPENDIX I FINANCIAL INFORMATION OF JINMAO HOTEL AND THE GROUP

For the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019, the Boards have resolved to declare distributions as follow:

Period	Distribution Declared per Share Staped Unit (HK\$)
Final distributions for the financial year ended 31 December 2019	15.43
Final distributions for the financial year ended 31 December 2018	12.88
Final distributions for the financial year ended 31 December 2017	15.45
Interim dividends for six months period ended 30 June 2020	–

Save as disclosed above, there was no item of any income or expense which was material in respect of the financial information for the six months ended 30 June 2020 and each of the three years ended 31 December 2017, 2018 and 2019.

2. CONSOLIDATED FINANCIAL STATEMENTS OF JINMAO HOTEL AND THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

Jinmao Hotel and the Company is required to set out or refer to in this Scheme Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in (i) the audited consolidated financial statements of Jinmao Hotel and the Group for the year ended 31 December 2019 (the “**2019 Financial Statements**”), (ii) the audited consolidated financial statements of Jinmao Hotel and the Group for the year ended 31 December 2018 (the “**2018 Financial Statements**”) and (iii) the audited consolidated financial statements of Jinmao Hotel and the Group for the year ended 31 December 2017 (the “**2017 Financial Statements**”), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 116 to 207 of the annual report of Jinmao Hotel and the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), which was published on 17 April 2020. The 2019 Annual Report is posted on the websites of the Stock Exchange, Jinmao Hotel and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0417/2020041700700.pdf>

The 2018 Financial Statements are set out on pages 114 to 211 of the annual report of Jinmao Hotel and the Company for the year ended 31 December 2018 (the “**2018 Annual Report**”), which was published on 16 April 2019. The 2018 Annual Report is posted on the websites of the Stock Exchange, Jinmao Hotel and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0416/ltn20190416255.pdf>

The 2017 Financial Statements are set out on pages 116 to 198 of the annual report of Jinmao Hotel and the Company for the year ended 31 December 2017 (the “**2017 Annual Report**”), which was published on 26 April 2018. The 2017 Annual Report is posted on the websites of the Stock Exchange, Jinmao Hotel and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0426/ltn20180426979.pdf>

The 2019 Financial Statements, 2018 Financial Statements and the 2017 Financial Statements (but not any other part of the 2019 Annual Report, the 2018 Annual Report and the 2017 Annual Report in which they respectively appear) are incorporated by reference into this Scheme Document and form part of this Scheme Document.

3. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF JINMAO HOTEL AND THE GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2020

The unaudited condensed consolidated financial statements of Jinmao Hotel and the Group for the six months ended 30 June 2020 and notes thereto are set out on pages 35 to 76 of the interim results announcement of Jinmao Hotel and the Group for the six months ended 30 June 2020, which was published on 27 July 2020. The interim results announcement of Jinmao Hotel and the Group for the six months ended 30 June 2020 is posted on the websites of the Stock Exchange, Jinmao Hotel and the Company. Please also see below a direct link:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072700167.pdf>

4. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2020, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Groups had total indebtedness as summarised below:

	As at 30 June 2020 RMB'000
Bank loans and notes	
Current	
Short-term bank loans, unsecured	3,067,230
Short-term notes, unsecured	800,000
Non-current	
Long-term bank loans, unsecured	4,254,439
Mid-term notes, unsecured	500,000
Total bank loans and notes	8,621,669

	As at 30 June 2020 RMB'000
Lease liabilities	
Lease liabilities – current portion	5,475
Lease liabilities – non-current portion	72,985
Total	8,700,129

Contingent liabilities and guarantees

As at the close of business on 30 June 2020, being the most recent practicable date for the purpose of this indebtedness statement prior to the printing of this Scheme Document, the Group did not have any material outstanding contingent liabilities and guarantees.

Save as aforesaid and apart from intra-group liabilities, and normal trade payables, the Group did not, as at 30 June 2020, have any outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other material contingent liabilities.

5. MATERIAL CHANGE

The Directors confirm that, save and except as disclosed below, there had been no material change in the financial or trading position or outlook of Jinmao Hotel and the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of Jinmao Hotel and the Group were made up and up to the Latest Practicable Date:

- (1) as set out in the interim results announcement of Jinmao Hotel and the Group for the six months ended 30 June 2020 (the “**2020 Interim Results**”), Jinmao Hotel and the Group recorded a revenue of approximately RMB611.2 million for the six months ended 30 June 2020, which represented a sharp decline of approximately 49.8% compared to the corresponding period of 2019. Such decrease was mainly attributable to the substantial decrease in revenue from the hotel operations segment caused by the outbreak of COVID-19 which devastated the travel and hospitality industry. Jinmao Hotel and the Group’s revenue from hotel operations for the six months ended 30 June 2020 amounted to approximately RMB336.3 million, representing a significantly decrease of approximately 61.9% compared to the corresponding period of 2019. The significant decrease in revenue turned the profit-making position of Jinmao Hotel and the Group of recording profit attributable to the Holders of Share Stapled Units of approximately RMB166.3 million for the six months ended 30 June 2019 into a loss attributable to the Holders of Share Stapled Units of approximately RMB157.2 million for the six months ended 30 June 2020;

- (2) due to the abovementioned loss attributable to the Holders of Share Stapled Units, net cash flows used in operating activities (i.e. net cash outflow) of Jinmao Hotel and the Group increased substantially from approximately RMB353.2 million for the six months ended 30 June 2019 to approximately RMB971.1 million for the six months ended 30 June 2020;
- (3) due to the abovementioned loss attributable to the Holders of Share Stapled Units, there was no distributable income (as defined in the Trust Deed) of Jinmao Hotel and the Group for the six months ended 30 June 2020 compared to a distributable income of approximately RMB287.3 million earned in the six months ended 30 June 2019. Accordingly, the Boards had resolved not to make an interim distribution for the six months ended 30 June 2020 to the Holders of Share Stapled Units, being the first time since the listing of the Share Stapled Units in 2014 an interim distribution was not made to the Holders of Share Stapled Units;
- (4) as set out in the announcement of Jinmao Hotel and the Group dated 18 February 2020 in relation to completion of issue of the super and short-term commercial paper with a principal amount of RMB800 million, a maturity period of 270 days and an interest rate of 2.9% per annum. The proceeds of which was used to supplement the working capital of Jinmao Hotel and the Group;
- (5) as set out in the announcement of Jinmao Hotel and the Group dated 19 March 2020 in relation to completion of the issue of the medium-term notes with a principal amount of RMB500 million, a maturity period of three years and an interest rate of 3.28% per annum. The proceeds of which was used to repay certain bank loans of Jinmao Hotel and the Group;
- (6) as disclosed in the 2020 Interim Results, mainly due to the increase in net debt and the decrease in total equity and amount due to related parties as at 30 June 2020 compared to that as at 31 December 2019, the net debt-to-adjusted capital ratio of Jinmao Hotel and the Group increased from approximately 83% as at 31 December 2019 to approximately 120% as at 30 June 2020. Net cash flows from financing activities of Jinmao Hotel and the Group increased substantially from approximately RMB464.7 million for the six months ended 30 June 2019 to approximately RMB1,028.3 million for the six months ended 30 June 2020; and
- (7) as set out in the announcements of Jinmao Hotel and the Group dated 29 April 2020 and 9 June 2020 and the circular of Jinmao Hotel and the Group dated 11 May 2020, Jinmao Hotel and the Group had undergone the following changes in the members of the Boards which came into effect on 9 June 2020:
 - (i) the retirement of Dr. Chung Shui Ming Timpson as an independent non-executive Director; and
 - (ii) the appointment of Mr. Tse Yung Hoi as an independent non-executive Director.

(1) RESPONSIBILITY STATEMENTS

This Scheme Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Proposal, the Offeror, Jinmao Hotel and the Group.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to Jinmao Hotel and the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement contained in this Scheme Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Scheme Document (other than that relating to the Offeror and the Offeror Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Scheme Document (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this Scheme Document, the omission of which would make any statement contained in this Scheme Document misleading.

(2) SHARE CAPITAL

As at the Latest Practicable Date:

- (a) there were a total of 2,000,000,000 Share Stapled Units in issue. Each Share Stapled Unit comprised the following securities or interests in securities:
 - i. a Unit;
 - ii. the beneficial interest in a specifically identified Ordinary Share of HK\$0.0005 each 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);
 - iii. a specifically identified Preference Share of HK\$0.0005 each of the Company stapled to the Unit;
- (b) all the issued Share Stapled Units were fully paid and ranked *pari passu* in all respects including, in particular, the rights in respect of capital, dividend and voting;
- (c) Jinmao Hotel and the Company had not issued any new Share Stapled Unit since 31 December 2019, being the date to which the latest audited financial statements of Jinmao Hotel and the Group were made up;

- (d) the share capital of the Company consisted of Ordinary Shares and Preference Shares. The authorized share capital of the Company was HK\$5,000,000 divided into 5,000,000,000 Ordinary Shares and 5,000,000,000 Preference Shares; and
- (e) among the 2,000,000,000 Share Stapled Units in issue:
 - i. the Offeror held an aggregate of 1,335,319,000 Share Stapled Units, representing approximately 66.77% of the total Share Stapled Units in issue;
 - ii. the Offeror Concert Parties held in aggregate 834,500 Share Stapled Units, representing approximately 0.04% of the total Share Stapled Units in issue;
 - iii. members of the DBS Group, being a party acting in concert with the Offeror, did not legally or beneficially own, control or have direction over any Share Stapled Units, save for the 24,250,000 Share Stapled Units (representing approximately 1.21% of the total Share Stapled Units in issue) held by DBS Bank on a proprietary basis, acting in the capacity of an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code. Any Share Stapled Units held by DBS Bank on a proprietary basis (i.e., the 24,250,000 Share Stapled Units) in its capacity as an exempt principal trader shall not be entitled to vote as an Independent Unitholder at the Unitholders Meeting and as an Independent Ordinary Shareholder (through the Trustee-Manager) or as an Independent Preference Shareholder at the Court Meetings to approve the Proposal and the Scheme pursuant to Rule 35.4 of the Takeovers Code. For the avoidance of doubt, the underlying Scheme Units and Scheme Shares comprising Scheme Share Stapled Units held by any member of the DBS Group in the capacity of exempt principal trader for and on behalf of non-discretionary investment clients are also not entitled to be voted at the Unitholders Meeting and the Court Meetings in accordance with the directions of such non-discretionary investment clients unless the Takeovers Bulletin No. 53 Requirements are complied with; and
 - iv. the Independent Holders of Scheme Share Stapled Units legally or beneficially owned, controlled or had direction over a total of 663,846,500 Share Stapled Units (including the 24,250,000 Share Stapled Units held by DBS Bank on a proprietary basis in its capacity as an exempt principal trader), representing approximately 33.19% of the total Share Stapled Units in issue.

(3) DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the Share Stapled Units and shares in the Company's associated corporations

As at the Latest Practicable Date, the interests and/or short positions (as applicable) of the Directors and the chief executive of Jinmao Hotel and the Company in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of Jinmao Hotel and the Company and any interests and/or short positions (as applicable) in shares or debentures of any of the Trustee-Manager and the Company's associated corporations (within the meaning of Part XV

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO); (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers under the Listing Rules (the “**Model Code**”), to be notified to the Trustee-Manager, the Company and the Stock Exchange; or (iv) required to be disclosed under the Takeovers Code were as follows:

(i) *Share Stapled Units*

Name of Director	Capacity	Number of Share Stapled Units held or owned	Percentage of issued Share Stapled Units
Li Congrui	Beneficial owner	350,000 (Long position)	0.018%
Zhang Hui	Beneficial owner	771,000 (Long position)	0.039%
Jiang Nan	Beneficial owner	484,500 (Long position)	0.024%

(ii) *Associated Corporations of the Company*

Name of Director	Capacity	Name of associated corporation	Number of shares held or owned in the associated corporation ⁽¹⁾⁽²⁾	Percentage of issued shares of the associated corporation
Li Congrui	Beneficial owner	China Jinmao	5,500,000 (Long position)	0.044%
Zhang Hui	Beneficial owner	China Jinmao	3,000,000 (Long position)	0.024%
Jiang Nan	Beneficial owner	China Jinmao	5,500,000 (Long position)	0.044%

Notes:

- As at the Latest Practicable Date,
 - China Jinmao held 66.77% equity interests in Jinmao Hotel and the Company and accordingly was an associated corporation of Jinmao Hotel and the Company.
 - the above Directors, namely, Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, held 1,000,000 shares in China Jinmao (“**China Jinmao Shares**”), nil China Jinmao Shares and 1,000,000 China Jinmao Shares as well as 4,500,000 underlying China Jinmao Shares subject to share options, 3,000,000 underlying China Jinmao Shares subject to share

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

options and 4,500,000 underlying China Jinmao Shares subject to share options, respectively, which comprised unlisted equity derivatives. The total number of China Jinmao Shares related to the equity interests and share options above constituted the same China Jinmao Shares held or owned in the associated corporation by the Directors as set forth in the above table.

2. Mr. Li Congrui and Mr. Jiang Nan, being executive directors of the Offeror, are presumed to be acting in concert with the Offeror by virtue of class (2) of the definition of “acting in concert” under the Takeovers Code.

Mr. Zhang Hui is a member of the senior management of the Offeror and has not entered into any agreement, arrangement or understanding (whether formal or informal) with the Offeror to actively cooperate to obtain or consolidate control of the Offeror through the acquisition of voting rights of the Offeror. Therefore, Mr. Zhang Hui is not a person acting in concert with the Offeror (presumed or otherwise).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Trustee-Manager and the Company had any interests and/or short positions (as applicable) in the Share Stapled Units, the preference shares, the ordinary shares and the debentures of Jinmao Hotel and the Company and any interests and/or short positions (as applicable) in shares or debentures of any of Jinmao Hotel and the Company’s associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO); (ii) would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; (iii) would be required, pursuant to the Model Code, to be notified to the Trustee-Manager, the Company and the Stock Exchange; or (iv) would be required to be disclosed under the Takeovers Code.

(b) Interests of substantial Holders of Share Stapled Units

As at the Latest Practicable Date, the interests or short positions of persons (other than the Directors or the chief executive of the Trustee-Manager and the Company) in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Part XV of Section 336 of the SFO, to be recorded in the register required under such section as having an interest in 5% or more of the issued Share Stapled Units are as follows:

Name of Holder of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested in	Long position/short position	Percentage of issued Share Stapled Units
China Jinmao ⁽¹⁾	Beneficial owner	1,335,319,000	Long position	66.77%
Sinochem Hong Kong (Group) Company Limited ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Sinochem Corporation ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name of Holder of Share Stapled Units	Capacity	Number of Share Stapled Units held or interested in	Long position/short position	Percentage of issued Share Stapled Units
Sinochem Group ⁽¹⁾	Interest in a controlled corporation	1,335,319,000	Long position	66.77%
Tong JinQuan ⁽²⁾	Beneficial owner	190,643,500	Long position	9.53%
Lu Shiqing	Beneficial owner	160,101,000	Long position	8.01%

Notes:

1. As at the Latest Practicable Date, Sinochem Group held the entire equity interests in Sinochem Corporation, which in turn held the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn held 33.32% equity interests in the Offeror. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong (Group) Company Limited are all deemed to be interested in the Share Stapled Units beneficially owned by the Offeror.
2. As at the Latest Practicable Date, out of the 190,643,500 Share Stapled Units, 619,500 Share Stapled Units are directly held by Mr. Tong JinQuan and 190,024,000 Share Stapled Units are held by Wealthy Fountain Holdings INC (“**Wealthy Fountain**”), a company wholly owned by Mr. Tong JinQuan. Therefore, Mr. Tong JinQuan is also deemed to be interested in the Share Stapled Units held by Wealthy Fountain.

Save as disclosed above, as at the Latest Practicable Date, no person (other than the Directors as set out above) had an interest or short position in the Share Stapled Units or underlying Share Stapled Units which would fall to be disclosed to the Trustee-Manager and the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to Section 336 of the SFO, to be recorded in the register required under such section.

Save as disclosed above and the Share Stapled Units held on behalf of non-discretionary investment clients of the DBS Group, as at the Latest Practicable Date, none of the Offeror, its directors and the Offeror Concert Parties, owned or controlled any Share Stapled Units or any options, warrants, derivatives or securities convertible into Share Stapled Units.

As at the Latest Practicable Date and during the Relevant Period, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or with any party acting in concert with the Offeror.

As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with any other associate of the Offeror under the Takeovers Code.

As at the Latest Practicable Date, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Trustee-Manager and the Company or with any person who is an associate of the Trustee-Manager and the Company or with any person who is presumed to be acting in concert with the Trustee-Manager and the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Trustee-Manager and the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code.

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

As at the Latest Practicable Date, there is no agreement, arrangement for or understanding for any transfer, charge or pledge of the Share Stapled Units acquired pursuant to the Scheme to any other person.

As at the Latest Practicable Date and during the Relevant Period, the Offeror and any party acting in concert with it had not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of Jinmao Hotel and the Company.

As at the Latest Practicable Date and during the Relevant Period, none of the Directors and Jinmao Hotel and the Company had borrowed or lent any Share Stapled Units, convertible securities, warrants, options or derivatives of Jinmao Hotel and the Company.

(c) Dealings in the relevant securities of Jinmao Hotel and the Company

- (i) During the Relevant Period, save as disclosed below, and excluding dealings by members of the DBS Group that were conducted on a non-discretionary basis for and on behalf of clients of the relevant members of the DBS Group, none of the Offeror or the Offeror Concert Parties had dealt for value in any Share Stapled Units, convertible securities, warrants, options and derivatives in respect of the Share Stapled Units.

Name	Transaction Date (Note 2)	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
DBS Bank (Note 1)	19/12/2019 – 23/12/2019	Sale	73,500	4.05 – 4.06
	31/12/2019	Sale	6,000	4.06 – 4.08
	03/01/2020 – 07/01/2020	Sale	46,000	4.09 – 4.10
	10/01/2020 – 13/01/2020	Sale	11,000	4.10 – 4.20
	16/01/2020	Purchase	6,500	3.96
	17/01/2020	Sale	15,500	4.10
	24/01/2020 – 29/01/2020	Purchase	20,000	3.76 – 3.90
	30/01/2020	Purchase	2,500	3.69
	18/02/2020	Purchase	8,000	3.62 – 3.65
	20/02/2020	Purchase	1,500	3.61
	26/02/2020	Sale	28,000	3.52 – 3.53
	27/02/2020	Sale	14,000	3.52 – 3.59
	02/03/2020	Purchase	7,000	3.23 – 3.25
	06/03/2020 – 11/03/2020	Purchase	8,500	2.99 – 3.21
	12/03/2020	Sale	100,000	2.90
	13/03/2020	Sale	545,500	2.58 – 2.60
	16/03/2020	Purchase	5,500	2.40
	08/04/2020	Sale	43,000	2.50 – 2.51
	09/04/2020	Sale	50,000	2.50
	15/04/2020	Sale	7,000	2.52 – 2.60
	24/04/2020	Sale	3,500	2.50
	27/04/2020	Sale	5,000	2.51
	28/04/2020	Sale	1,000	2.53
	06/05/2020	Sale	15,500	2.52 – 2.53
	07/05/2020	Sale	22,500	2.55 – 2.57

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name	Transaction Date <i>(Note 2)</i>	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
	08/05/2020	Sale	422,000	2.55 – 2.61
	11/05/2020	Sale	440,000	2.60 – 2.66
	12/05/2020	Sale	15,000	2.60
	12/05/2020	Sale	1,000	2.60
	12/05/2020	Sale	500,000	2.60
	12/05/2020	Sale	4,500	2.60
	12/05/2020	Sale	20,000	2.60
	12/05/2020	Sale	7,500	2.60
	12/05/2020	Sale	1,500	2.60
	12/05/2020	Sale	366,500	2.60
	12/05/2020	Sale	1,500	2.60
	12/05/2020	Sale	2,000	2.60
	12/05/2020	Sale	1,500	2.60
	12/05/2020	Sale	500	2.60
	12/05/2020	Sale	3,000	2.60
	12/05/2020	Sale	500	2.60
	12/05/2020	Sale	500	2.60
	12/05/2020	Sale	500	2.62
	12/05/2020	Sale	500	2.62
	12/05/2020	Sale	500	2.62
	12/05/2020	Sale	500	2.62
	12/05/2020	Sale	8,000	2.62
	12/05/2020	Sale	3,000	2.62
	12/05/2020	Sale	2,000	2.62
	14/05/2020	Sale	7,000	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	2,000	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	2,500	2.60
	14/05/2020	Sale	500	2.62
	14/05/2020	Sale	500	2.62
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	41,500	2.60
	14/05/2020	Sale	5,500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	1,500	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	222,500	2.60
	14/05/2020	Sale	1,500	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	1,000	2.60
	14/05/2020	Sale	1,500	2.60
	14/05/2020	Sale	51,000	2.60

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name	Transaction Date <i>(Note 2)</i>	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	3,500	2.60
	14/05/2020	Sale	500	2.60
	14/05/2020	Sale	2,500	2.60
	14/05/2020	Sale	2,000	2.60
	15/05/2020	Sale	500	2.62
	15/05/2020	Sale	1,000	2.62
	15/05/2020	Sale	30,000	2.60
	15/05/2020	Sale	20,000	2.60
	19/05/2020	Sale	4,000	2.60
	19/05/2020	Sale	2,000	2.60
	19/05/2020	Sale	500	2.60
	20/05/2020	Sale	101,000	2.60
	20/05/2020	Sale	12,000	2.60
	20/05/2020	Sale	500	2.61
	20/05/2020	Sale	500	2.61
	20/05/2020	Sale	9,000	2.61
	20/05/2020	Sale	13,000	2.62
	20/05/2020	Sale	15,000	2.61
	22/05/2020	Sale	3,500	2.51
	28/05/2020	Purchase	13,500	2.50
	28/05/2020	Purchase	19,000	2.50
	01/06/2020	Sale	1,000	2.64
	01/06/2020	Sale	5,000	2.64
	01/06/2020	Sale	14,000	2.64
	01/06/2020	Sale	1,000	2.64
	01/06/2020	Sale	5,000	2.64
	01/06/2020	Sale	1,000	2.64
	01/06/2020	Sale	10,000	2.64
	01/06/2020	Sale	9,000	2.64
	03/06/2020	Sale	15,000	2.85
	03/06/2020	Sale	6,000	2.93
	03/06/2020	Sale	19,000	2.93
	03/06/2020	Sale	24,500	2.75
	03/06/2020	Sale	500	2.75
	03/06/2020	Sale	32,500	2.80
	03/06/2020	Sale	2,500	2.80
	03/06/2020	Sale	2,000	2.80
	03/06/2020	Sale	13,000	2.80
	03/06/2020	Sale	15,000	2.76
	03/06/2020	Sale	5,000	2.90
	03/06/2020	Sale	45,000	2.90
	03/06/2020	Sale	25,000	2.94
	03/06/2020	Sale	10,000	2.89
	03/06/2020	Sale	4,000	2.89
	03/06/2020	Sale	11,000	2.89
	03/06/2020	Sale	11,500	2.82
	03/06/2020	Sale	2,000	2.82
	03/06/2020	Sale	2,000	2.82
	03/06/2020	Sale	9,500	2.82
	03/06/2020	Sale	4,500	2.74
	03/06/2020	Sale	500	2.74
	03/06/2020	Sale	10,000	2.80
	03/06/2020	Sale	24,000	2.88

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name	Transaction Date <i>(Note 2)</i>	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
	03/06/2020	Sale	1,000	2.88
	03/06/2020	Sale	25,000	2.78
	03/06/2020	Sale	20,000	2.87
	03/06/2020	Sale	4,000	2.87
	03/06/2020	Sale	1,000	2.87
	03/06/2020	Sale	12,500	2.95
	03/06/2020	Sale	15,000	2.75
	03/06/2020	Sale	25,000	2.84
	03/06/2020	Sale	500	2.75
	03/06/2020	Sale	8,000	2.75
	03/06/2020	Sale	6,000	2.75
	03/06/2020	Sale	500	2.75
	03/06/2020	Sale	25,000	2.92
	03/06/2020	Sale	25,000	2.85
	03/06/2020	Sale	2,000	2.85
	03/06/2020	Sale	5,000	2.85
	03/06/2020	Sale	4,500	2.85
	03/06/2020	Sale	5,000	2.85
	03/06/2020	Sale	16,500	2.85
	03/06/2020	Sale	17,000	2.85
	04/06/2020	Sale	50,000	3.20
	04/06/2020	Sale	7,500	2.98
	04/06/2020	Sale	2,500	2.98
	04/06/2020	Sale	30,000	3.15
	04/06/2020	Sale	20,000	3.15
	04/06/2020	Sale	20,000	3.34
	04/06/2020	Sale	5,000	3.34
	04/06/2020	Sale	15,000	2.98
	04/06/2020	Sale	10,000	3.14
	04/06/2020	Sale	10,000	3.14
	04/06/2020	Sale	5,000	3.14
	04/06/2020	Sale	10,000	2.97
	04/06/2020	Sale	10,000	2.96
	04/06/2020	Sale	10,000	3.10
	04/06/2020	Sale	40,000	3.10
	04/06/2020	Sale	42,500	3.34
	04/06/2020	Sale	5,000	2.95
	04/06/2020	Sale	50,000	3.34
	04/06/2020	Sale	10,000	2.91
	04/06/2020	Sale	10,000	2.98
	04/06/2020	Sale	10,000	3.15
	04/06/2020	Sale	27,500	3.05
	04/06/2020	Sale	20,000	3.05
	04/06/2020	Sale	2,500	3.05
	04/06/2020	Sale	50,000	3.25
	04/06/2020	Sale	1,500	2.98
	04/06/2020	Sale	13,500	2.98
	04/06/2020	Sale	1,000	3.00
	04/06/2020	Sale	21,500	3.00
	04/06/2020	Sale	2,500	3.00
	04/06/2020	Sale	7,500	3.31
	04/06/2020	Sale	8,000	3.31
	04/06/2020	Sale	6,000	3.31
	04/06/2020	Sale	1,000	3.31

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name	Transaction Date (Note 2)	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
	04/06/2020	Sale	25,000	3.31
	04/06/2020	Sale	2,500	3.31
	04/06/2020	Sale	25,000	3.34
	04/06/2020	Sale	15,000	2.99
	04/06/2020	Sale	50,000	3.30
	04/06/2020	Sale	27,500	3.10
	04/06/2020	Sale	2,500	3.10
	05/06/2020	Sale	17,000	3.62
	05/06/2020	Sale	8,000	3.62
	05/06/2020	Sale	50,000	3.65
	05/06/2020	Sale	9,000	3.35
	05/06/2020	Sale	41,000	3.35
	05/06/2020	Sale	26,000	3.55
	05/06/2020	Sale	24,000	3.55
	05/06/2020	Sale	5,000	3.68
	05/06/2020	Sale	48,500	3.70
	05/06/2020	Sale	1,500	3.70
	05/06/2020	Sale	141,000	3.70
	05/06/2020	Sale	9,000	3.70
	05/06/2020	Sale	50,000	3.45
	05/06/2020	Sale	17,000	3.54
	05/06/2020	Sale	3,000	3.54
	05/06/2020	Sale	5,000	3.54
	05/06/2020	Sale	19,000	3.68
	05/06/2020	Sale	6,000	3.68
	05/06/2020	Sale	11,500	3.70
	05/06/2020	Sale	3,500	3.70
	05/06/2020	Sale	5,000	3.70
	05/06/2020	Sale	5,000	3.70
	05/06/2020	Sale	4,500	3.70
	05/06/2020	Sale	1,000	3.70
	05/06/2020	Sale	5,000	3.70
	05/06/2020	Sale	10,000	3.70
	05/06/2020	Sale	4,500	3.70
	05/06/2020	Sale	19,000	3.53
	05/06/2020	Sale	6,000	3.53
	05/06/2020	Sale	5,000	3.58
	05/06/2020	Sale	20,000	3.58
	05/06/2020	Sale	50,000	3.65
	05/06/2020	Sale	4,000	3.50
	05/06/2020	Sale	5,000	3.50
	05/06/2020	Sale	30,000	3.50
	05/06/2020	Sale	10,000	3.50
	05/06/2020	Sale	1,000	3.50
	05/06/2020	Sale	50,000	3.70
	05/06/2020	Sale	25,000	3.67
	05/06/2020	Sale	10,000	3.38
	05/06/2020	Sale	10,000	3.38
	05/06/2020	Sale	5,000	3.38
	05/06/2020	Sale	23,000	3.63
	05/06/2020	Sale	2,000	3.63
	05/06/2020	Sale	25,000	3.34
	05/06/2020	Sale	25,000	3.66
	05/06/2020	Sale	21,000	3.59

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

Name	Transaction Date (Note 2)	Type of transaction	Number of Share Stapled Units	Actual Price per Share Stapled Unit (HK\$)
	05/06/2020	Sale	4,000	3.59
	05/06/2020	Sale	25,000	3.68
	05/06/2020	Sale	23,000	3.33
	05/06/2020	Sale	2,000	3.33
	05/06/2020	Sale	5,000	3.68
	05/06/2020	Sale	10,000	3.68
	05/06/2020	Sale	10,000	3.68
	05/06/2020	Sale	50,000	3.70
	05/06/2020	Sale	14,500	3.54
	05/06/2020	Sale	10,500	3.54
	05/06/2020	Sale	50,000	3.40
	05/06/2020	Sale	5,000	3.57
	05/06/2020	Sale	5,000	3.57
	05/06/2020	Sale	15,000	3.57
	05/06/2020	Sale	10,000	3.75
	05/06/2020	Sale	28,500	3.75
	05/06/2020	Sale	1,000	3.75
	05/06/2020	Sale	10,500	3.75
	05/06/2020	Sale	50,000	3.60
	05/06/2020	Sale	2,000	3.68
	05/06/2020	Sale	500	3.68
	05/06/2020	Sale	20,000	3.52
	05/06/2020	Sale	3,500	3.52
	05/06/2020	Sale	1,500	3.52
	05/06/2020	Sale	23,500	3.77
	05/06/2020	Sale	3,000	3.72
	05/06/2020	Sale	10,000	3.72

Note 1: The dealings in Share Stapled Units disclosed in the table above were carried out by DBS Bank, an exempt principal trader recognized by the Executive for the purposes of the Takeovers Code, in respect of the Share Stapled Units held on a proprietary basis (other than exempt principal trader activities).

Note 2: In accordance with the provisions of Note 4 to paragraph 4 of Schedule I to the Takeovers Code, (i) purchases and sales of Share Stapled Units in the one month period prior to the publication of the Announcement on 12 June 2020 as shown in the table above were not aggregated; (ii) purchases and sales of Share Stapled Units in the period from 12 March 2020 to 11 May 2020 as shown in the table above were aggregated on a daily basis; and (iii) purchases and sales of Share Stapled Units in the period prior to 12 March 2020 as shown in the table above were aggregated on a weekly basis.

- (ii) During the Relevant Period, none of the directors of the Offeror had dealt for value in any Share Stapled Units, convertible securities, warrants, options and derivatives in respect of the Share Stapled Units.
- (iii) During the Relevant Period, none of the Directors had any dealings in any Share Stapled Units, warrants, options, derivatives and securities carrying conversion or subscription rights into Share Stapled Units.
- (iv) During the Offer Period and up to the Latest Practicable Date:
 - a. no subsidiaries of the Trustee-Manager and the Company, pension funds of any member of the Group, or by a person who is presumed to be acting in concert with the Trustee-Manager and the Company by virtue of class (5) of the

definition of acting in concert or who is an associate of the Trustee-Manager and the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders and exempt fund managers) had any dealings in any Share Stapled Units, warrants, options, derivatives and securities carrying conversion or subscription rights into Share Stapled Units;

- b. no person who had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Trustee-Manager and the Company or with any person who is presumed to be acting in concert with the Trustee-Manager and the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or who is an associate of the Trustee-Manager and the Company by virtue of the definition of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code had any dealings in any Share Stapled Units, warrants, options, derivatives and securities carrying conversion or subscription rights into Share Stapled Units; and
- c. no fund managers connected with the Trustee-Manager and the Company had any dealings in any Share Stapled Units, warrants, options, derivatives and securities carrying conversion or subscription rights into Share Stapled Units.

(d) Interest in the Offeror

As at the Latest Practicable Date, save as disclosed below, none of the Trustee-Manager, the Company and any of the Directors had any interest in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror:

- (i) Mr. Li Congrui held (a) 1,000,000 ordinary shares in the Offeror as well as (b) 4,500,000 underlying shares in the Offeror representing the outstanding 4,500,000 share options granted to Mr. Li Congrui which comprise: (x) 500,000 share options, 500,000 share options and 500,000 share options respectively granted on 17 October 2016, with exercise periods from 17 October 2018 to 16 October 2023, 17 October 2019 to 16 October 2023, and 17 October 2020 to 16 October 2023, respectively at an exercise price of HK\$2.196; and (y) 1,000,000 share options, 1,000,000 share options, and 1,000,000 share options respectively granted on 9 September 2019, with exercise periods from 9 September 2021 to 8 September 2026, 9 September 2022 to 8 September 2026, and 9 September 2023 to 8 September 2026, respectively at an exercise price of HK\$4.58;
- (ii) Mr. Jiang Nan held (a) 1,000,000 ordinary shares in the Offeror as well as (b) 4,500,000 underlying shares in the Offeror representing the outstanding 4,500,000 share options granted to Mr. Jiang Nan which comprise: (x) 500,000 share options, 500,000 share options and 500,000 share options respectively granted on 17 October 2016, with exercise periods from 17 October 2018 to 16 October 2023, 17 October 2019 to 16 October 2023, and 17 October 2020 to 16 October 2023, respectively at an exercise price of HK\$2.196; and (y) 1,000,000 share options, 1,000,000 share options, and 1,000,000 share options respectively granted on 9 September 2019,

with exercise periods from 9 September 2021 to 8 September 2026, 9 September 2022 to 8 September 2026, and 9 September 2023 to 8 September 2026, respectively at an exercise price of HK\$4.58; and

- (iii) Mr. Zhang Hui held 3,000,000 underlying shares in the Offeror representing the outstanding 3,000,000 share options granted to Mr. Zhang Hui which comprise 1,000,000 share options, 1,000,000 share options, and 1,000,000 share options respectively granted on 8 February 2019, with exercise periods from 8 February 2021 to 7 February 2026, 8 February 2022 to 7 February 2026, and 8 February 2023 to 7 February 2026, respectively at an exercise price of HK\$3.990.

(e) Dealings in the securities of the Offeror

During the Relevant Period, none of the Trustee-Manager, the Company and the Directors had any dealings in the shares, warrants, options, derivatives and securities carrying conversion or subscription rights into shares of the Offeror.

(f) Other arrangements in relation to the Proposal

As at the Latest Practicable Date:

- (i) no benefit was or would be given to any Director as compensation for his loss of office or otherwise in connection with the Proposal;
- (ii) there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror or the Offeror Concert Parties on one hand and any Directors, recent Directors, Holders of Share Stapled Units or recent Holders of Share Stapled Units on the other hand, having any connection with or was dependent upon the Proposal;
- (iii) save for the conditions disclosed in the section headed “Proposal Conditions” in Part II of this Scheme Document, there was no agreement or arrangement to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal and/or the Scheme;
- (iv) there was no arrangement (whether by way of option, indemnity or otherwise) in relation to shares of the Offeror or the Share Stapled Units which might be material to the Proposal; and
- (v) Mr. Li Congrui, Mr. Zhang Hui and Mr. Jiang Nan, who were the non-executive Directors and were interested in 350,000, 771,000, 484,500 Share Stapled Units as at Latest Practicable Date, intend to vote in favour of the Proposal in respect of their beneficial holding of Share Stapled Units at the EGM and Mr. Zhang Hui also

intends to vote in favour of the Proposal in respect of his beneficial holding of 771,000 Share Stapled Units at the Unitholders Meeting and the Scheme at the Court Meetings of Scheme Preference Shareholders.

(g) Other interests

As at the Latest Practicable Date:

- (i) no Share Stapled Units or any convertible securities, warrants, options or derivatives issued by Jinmao Hotel and the Company was owned or controlled by a subsidiary of the Trustee-Manager and the Company or by a pension fund (if any) of any member of the Group or by a person who is presumed to be acting in concert with Jinmao Hotel or the Company by virtue of class (5) of the definition of acting in concert or by an associate of the Trustee-Manager and the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code but excluding exempt principal traders and exempt fund managers;
- (ii) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Trustee-Manager and the Company or with any person who is presumed to be acting in concert with Jinmao Hotel or the Company by virtue of classes (1), (2), (3) and (5) of the definition of acting in concert or with any person who is an associate of the Trustee-Manager and the Company by virtue of classes (2), (3) and (4) of the definition of “associate” under the Takeovers Code;
- (iii) no Share Stapled Units, convertible securities, warrants, options or derivatives of Jinmao Hotel and the Company was managed on a discretionary basis by any fund managers connected with Jinmao Hotel and the Company;
- (iv) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any of the Directors and any other person which was conditional on or dependent upon the outcome of the Proposal or otherwise connected with the Proposal;
- (v) no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and
- (vi) none of the Trustee-Manager, the Company and the Directors had borrowed or lent any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Jinmao Hotel and the Company.

(4) MATERIAL LITIGATION

As at the Latest Practicable Date, none of the Trustee-Manager, the Company or any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was pending or threatened by or against the Trustee-Manager, the Company or any of its subsidiaries.

(5) MATERIAL CONTRACTS

As at the Latest Practicable Date, save as disclosed below, no contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Trustee-Manager, the Company or any of its subsidiaries) had been entered into by the Trustee-Manager, the Company or any of its subsidiaries within the two years before the commencement of the Offer Period, up to and including the Latest Practicable Date and were or might be material.

- (a) On 22 March 2019, China Jin Mao (Group) Co., Ltd. (“**China Jin Mao (Group)**”), a wholly-owned subsidiary of the Company, entered into a non-financial corporate debt financing instruments underwriting agreement with China Bohai Bank Co., Ltd. (渤海銀行股份有限公司) (“**China Bohai**”), pursuant to which China Bohai agreed to underwrite the unsold medium-term notes to be issued by China Jin Mao (Group) in multiple tranches in an aggregate amount not exceeding RMB2.0 billion within the registration effective period.

- (b) On 5 December 2018, China Jin Mao (Group) Co., Ltd. (“**China Jin Mao (Group)**”), a wholly-owned subsidiary of the Company, Jinmao (Jiaxing) Investment Management Company Limited (金茂(嘉興)投資管理有限公司), a company indirectly owned by China Jinmao as to 50% of its equity interests (“**Jiaxing Investment**”) and Tianjin Jinmao Xinhe Investment Management Company Limited (天津金茂信和投資管理有限公司), a company indirectly owned by China Jinmao as to 50% of its equity interests (“**Jinmao Xinhe**”) entered into the Limited Partnership Agreement pursuant to which China Jin Mao (Group) and Jinmao Xinhe would each become Limited Partners and Jiaxing Investment would become the General Partner and fund manager. Under the Limited Partnership Agreement, the parties agree to establish Tianjin Xinmao Equity Investment Partnership (Limited Partnership) (天津信茂股權投資合夥企業(有限合夥)) for 3 years. Each partner agreed to make an initial subscribed capital contribution as follows:
 - (i) China Jin Mao (Group): 120.0 million (to hold 74.26% of partnership interests in the fund);
 - (ii) Jiaxing Investment: 1.6 million (to hold 0.99% of partnership interests in the fund); and
 - (iii) Jinmao Xinhe: 40.0 million (to hold 24.75% of partnership interests in the fund).

(6) SERVICE CONTRACTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors had any service contract with the Trustee-Manager, the Company or any of its subsidiaries or associated companies in force which (a) (including both continuous and fixed term contracts) had been entered into or amended within six (6) months preceding the Latest Practicable Date; or (b) is a continuous contract with a notice period of 12 months or more; or (c) is a fixed term contract that has more than 12 months to run irrespective of the notice period.

Name of Director	Date of letter of appointment	Term of Service	Remuneration
Mr. Li Congrui	9 June 2020	Three years from 2 July 2020	Mr. Li is not entitled to any remuneration as a non-executive Director
Mr. Jiang Nan	9 June 2020	Three years from 2 July 2020	Mr. Jiang is not entitled to any remuneration as a non-executive Director
Dr. Chen Jieping	9 June 2020	Three years from 2 July 2020	Dr. Chen is only entitled to a director's fee of HK\$200,000 per year as an independent non-executive Director
Mr. Tse Yung Hoi	9 June 2020	Three years from 9 June 2020	Mr. Tse is only entitled to a director's fee of HK\$200,000 per year as an independent non-executive Director

(7) MARKET PRICES

The table below shows the closing prices per Share Stapled Units on the Stock Exchange on (i) the Latest Practicable Date; (ii) the Last Trading Day; and (iii) the last Trading Day of each of the calendar months during the Relevant Period.

Date	Closing price (HK\$)
31 December 2019	4.00
31 January 2020	3.71
28 February 2020	3.34
31 March 2020	2.49
29 April 2020	2.53
29 May 2020	2.50
5 June 2020 (Last Trading Day)	3.68
30 June 2020	4.64
31 July 2020	4.62
14 August 2020 (being the Latest Practicable Date)	4.62

During the Relevant Period, the highest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$4.77 per Share Stapled Unit on 15 June 2020 and the lowest closing price of the Share Stapled Units as quoted on the Stock Exchange was HK\$2.17 per Share Stapled Unit on 19 March 2020.

(8) CONSENTS AND QUALIFICATIONS OF EXPERTS

The following are the qualifications of the experts (the “**Experts**”) who have been named in this Scheme Document or have given opinion or advice which are contained in this Scheme Document:

Name	Qualifications
DBSAC	a licensed corporation under the SFO, licensed to carry out Type 1 (<i>dealing in securities</i>) and Type 4 (<i>advising on securities</i>) and Type 6 (<i>advising on corporate finance</i>) regulated activities, being the financial adviser to the Offeror
Opus Capital	a licensed corporation under the SFO, licensed to carry out Type 1 (<i>dealing in securities</i>) and Type 6 (<i>advising on corporate finance</i>) regulated activities, being the Independent Financial Adviser
C&W	independent property valuer

Each of the Experts has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its letter and advice (as the case may be) and the references to its name in the form and context in which they respectively appear.

Save for the interests set out in the paragraph headed 3(c) Dealings in the relevant securities of Jinmao Hotel and the Company, as at the Latest Practicable Date, none of the Experts had any Share Stapled Units.

(9) MISCELLANEOUS

- (a) The directors of the Offeror are Mr. NING Gaoning, Mr. YANG Lin, Mr. AN Hongjun, Mr. LI Congrui, Mr. JIANG Nan, Mr. SONG Liuyi, Mr. SU Xijia, and Mr. GAO Shibin.
- (b) The registered office of the Offeror is situated at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (c) As at the Latest Practicable Date, Sinochem Group held the entire equity interests in Sinochem Corporation, which in turn held the entire equity interests in Sinochem Hong Kong (Group) Company Limited, which in turn held 33.32% equity interests in the Offeror. The ultimate controlling shareholder of the Offeror was the SASAC. The directors of Sinochem Group were Mr. Ning Gaoning, Mr. Yang Hua, Mr. Li Qing, Mr. Wang Junfeng, Mr. Wang Binghua, Mr. Li Yinquan and Mr. Ren Bing.
- (d) The correspondence address of Mr. Li Congrui and Mr. Jiang Nan, being the Offeror Concert Parties, is Sinochem Tower, A2 Fuxingmenwai Ave, Xicheng District, Beijing, the PRC.
- (e) The Offeror is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 817).
- (f) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (g) The registered office of the Trustee-Manager is situated at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.
- (h) The principal place of business of DBSAC is at 73/F, The Center, 99 Queen's Road Central, Hong Kong.
- (i) The head office and principal place of business of the Trustee-Manager and the Company in Hong Kong is situated at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong.

- (j) The correspondence address of the Independent Financial Adviser is 8/F & 18/F, Fung House, 19-20 Connaught Road Central, Hong Kong.
- (k) The company secretary of the Trustee-Manager and the Company is Ms. HO Wing Tsz Wendy (“**Ms. Ho**”). Ms. Ho is an Executive Director of Corporate Services at Tricor Services Limited. Ms. Ho is a Chartered Secretary, a Chartered Governance Professional as well as a Fellow member of both The Chartered Governance Institute (formerly “The Institute of Chartered Secretaries and Administrators”) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries (“**HKICS**”). Ms. Ho is a Council Member of HKICS. She also holds a Practitioner’s Endorsement Certificate issued by HKICS.
- (l) The Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited, is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (m) This Scheme Document is prepared in both English and Chinese. In the event of inconsistency, the English text shall prevail.

(10) DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at (i) the principal place of business of the Company in Hong Kong at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong during normal business hours from 9:30 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) and (ii) on the website of the Company at www.jinmao88.com and the website of the SFC at www.sfc.hk during the period from the date of this Scheme Document until (a) the Effective Date; or (b) the date on which the Scheme lapses or is withdrawn, whichever is earlier:

- (a) the Articles of Association;
- (b) the articles of association of the Trustee-Manager;
- (c) the Trust Deed;
- (d) the articles of association of the Offeror;
- (e) the annual reports of China Jinmao for the years ended 31 December 2018 and 2019 respectively;
- (f) the annual reports of Jinmao Hotel and the Company for the years ended 31 December 2018 and 2019 respectively;
- (g) the letter from the Boards, the text of which is set out in Part IV of this Scheme Document;

APPENDIX II GENERAL INFORMATION OF THE GROUP AND THE OFFEROR

- (h) the letter from the Independent Board Committee, the text of which is set out in Part V of this Scheme Document;
- (i) the letter from the Independent Financial Adviser, the text of which is set out in Part VI of this Scheme Document;
- (j) the written consents issued by DBSAC, Opus Capital and C&W referred to in paragraph headed “(8). Consents and qualifications of experts” in this Appendix;
- (k) the Irrevocable Undertakings;
- (l) the material contracts as set out in the section headed “5. Material contracts” in this Appendix;
- (m) the service contracts as set out in the section headed “6. Service Contracts” in this Appendix;
- (n) an unsecured facility agreement dated 23 June 2020 entered into between the Offeror and CMB Wing Lung Bank Limited in relation to the external debt financing available to the Offeror to finance the Proposal;
- (o) the letter and full property valuation report of the Group (including valuation certificates) prepared by C&W, the text of which is set out in Appendix VIII to this Scheme Document along with the valuation certificate; and
- (p) this Scheme Document.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 170 OF 2020 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION)
(AS AMENDED)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF JINMAO (CHINA) HOTEL INVESTMENTS AND
MANAGEMENT LIMITED

SCHEME OF ARRANGEMENT

Between

**JINMAO (CHINA) HOTEL INVESTMENTS
AND MANAGEMENT LIMITED**

and

**THE SCHEME SHAREHOLDERS
(as hereinafter defined)**

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context, the following expressions shall have the meanings respectively set opposite them:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“Cancellation Price”	the cancellation price of HK\$4.80 per Scheme Share Stapled Unit payable in cash by the Offeror to the Holders of Scheme Share Stapled Units pursuant to the Proposal (including the Scheme of Arrangement) for every Scheme Share Stapled Unit cancelled and extinguished

“Company”	Jinmao (China) Hotel Investments and Management Limited, a company incorporated under the laws of the British Virgin Islands on 18 January 2008 and registered by way of continuation in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 March 2014, whose shares are listed on the Main Board of the Stock Exchange (stock code: 06139)
“Companies Law”	the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Composite Scheme Document”	the composite scheme document of the Company, Jinmao Hotel and the Offeror issued to, among others, the Holders of Share Stapled Units (including the Scheme Shareholders) containing, inter alia, further details of the Proposal and the Scheme of Arrangement
“Court Meeting(s)”	the meeting(s) of the Scheme Shareholders convened and held at the direction of the Grand Court at which the Scheme of Arrangement will be voted upon
“Director”	a director of the Company
“Effective Date”	the date on which the Scheme of Arrangement, if approved and sanctioned by the Grand Court, becomes effective in accordance with its terms and the Companies Law, being the date on which a copy of the Order of the Grand Court sanctioning the Scheme of Arrangement is delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any delegate thereof
“Grand Court”	the Grand Court of the Cayman Islands
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

“Holders of Scheme Share Stapled Units”	holders of Scheme Share Stapled Units
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company, comprising Dr. Chen Jieping, Dr. Xin Tao and Mr. Tse Yung Hoi, established by the Board to make a recommendation to, among others, the independent Holders of Scheme Share Stapled Units (including the Scheme Shareholders but excluding the Offeror and the Offeror Concert Parties) in respect of the Proposal and the Scheme of Arrangement
“Independent Financial Adviser”	Opus Capital Limited, the independent financial adviser to the Independent Board Committee in connection with the Proposal and a licensed corporation under the SFO to carry out Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the SFO
“Jinmao Hotel”	Jinmao Hotel (formerly known as Jinmao Investments) a trust constituted by the Trust Deed under the laws of Hong Kong, the sole asset of which is its interest in the Ordinary Shares of the Company, and the Units of which form part of the Share Stapled Units
“Latest Practicable Date”	14 August 2020, being the latest practicable date prior to the printing of the Composite Scheme Document containing the Scheme of Arrangement for ascertaining certain information contained herein
“Offeror”	China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited), a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 00817)

“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror (excluding the Offeror) including Mr. Li Congrui and Mr. Jiang Nan
“Ordinary Shares”	ordinary shares with a par value of HK\$0.0005 each in the share capital of the Company
“Participating Unitholders”	Mr. Tong JinQuan (himself and through Wealthy Fountain Holdings INC., a company wholly-owned by Mr. Tong JinQuan), Mr. Lu Shiqing, Camden Medical Centre Private Limited, Shanghai Construction Overseas (Holdings) Limited, Perpetual (Asia) Limited (in its capacity as the trustee of the Ho Lee Group Trust), HPRY Holdings Limited and Wii Pte. Ltd.
“Preference Shares”	preference shares with a par value of HK\$0.0005 each in the share capital of the Company
“Proposal”	the proposal for the privatization of Jinmao Hotel and the Company by the Offeror by way of (i) the Scheme of Arrangement and (ii) the simultaneous cancellation and reduction of the Units (excluding those held by the Offeror) in accordance with the provisions of the Trust Deed
“Register”	the principal or branch register of holders of Share Stapled Units of the Company (as the case may be)
“Scheme Court Meeting(s) Record Date”	10 September 2020 or such other date as may be announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlement of the Scheme Shareholders to attend and vote at the relevant Court Meeting(s)
“Scheme of Arrangement”	the scheme of arrangement between the Company and the Scheme Shareholders under Section 86 of the Companies Law (subject to any modification(s) or addition(s) or condition(s) as may be approved or imposed by the Grand Court and agreed to by the Offeror), involving the cancellation and extinguishment of all the Scheme Shares in exchange for the Cancellation Price and the reduction of the issued share capital

“Scheme Ordinary Shares”	Ordinary Shares other than those beneficially owned by the Offeror
“Scheme Preference Shares”	Preference Shares other than those directly or indirectly held by the Offeror
“Scheme Record Date”	28 September 2020 (Hong Kong date) or such other date as may be announced to the Scheme Shareholders, being the record date for the purpose of determining the entitlements of the Holders of Scheme Share Stapled Units to the Cancellation Price under the Proposal (including the Scheme of Arrangement)
“Scheme Share(s)”	Scheme Ordinary Shares and Scheme Preference Shares in issue on the Scheme Record Date
“Scheme Share Stapled Units”	Share Stapled Units other than those directly or indirectly held by the Offeror at 4.00 p.m. on the Scheme Record Date
“Scheme Shareholder(s)”	the holder(s) of the Scheme Shares
“Scheme Unit(s)”	the Unit(s) which form part of the Scheme Share Stapled Units
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Stapled Unit(s)”	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, namely (i) a Unit in Jinmao Hotel; (ii) the beneficial interest in a specifically identified Ordinary Share linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Hotel); and (iii) a specifically identified Preference Share stapled to the Unit
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong

“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
“Trustee Manager”	Jinmao (China) Investments Manager Limited, a company incorporated in Hong Kong with limited liability on 20 March 2014, in its capacity as trustee-manager of Jinmao Hotel
“Unit”	a unit in Jinmao Hotel which confers the rights set out in the Trust Deed
“Unitholders”	a person registered at the relevant time in the register of holder of Units maintained by the Trustee-Manager as the holder of a Unit

- (B) The Company was incorporated under the laws of the British Virgin Islands on 18 January 2018 and registered by way of continuation in the Cayman Islands under the Companies Law as an exempted company with limited liability on 21 March 2014.
- (C) The authorised share capital of the Company as at the Latest Practicable Date was HK\$5,000,000 divided into (i) 5,000,000,000 Ordinary Shares of par value of HK\$0.0005 each, and (ii) 5,000,000,000 Preference Shares of par value of HK\$0.0005 each.
- (D) The Offeror has proposed the privatization of the Company by way of the Proposal, which involves (i) the cancellation of the Scheme Shares pursuant to the Scheme of Arrangement, and (ii) the cancellation of the corresponding Units in accordance with the provisions of the Trust Deed.
- (E) The primary purpose of the Scheme of Arrangement is to privatise the Company by cancelling and extinguishing all of the Scheme Shares. Simultaneous with the implementation of the Scheme of Arrangement, the Units comprising the Scheme Share Stapled Units will be cancelled. In consideration for the cancellation of the Scheme Shares and the Units, the Holders of Scheme Share Stapled Units will receive the Cancellation Price. Thereafter the Offeror will own 100% of the Company.

(F) As at the Latest Practicable Date, the profile of the Offeror and the holders of Scheme Share Stapled Units are as follows:

Holders of Share Stapled Units	Number of Share Stapled Units	%
Offeror	1,335,319,000	66.77
Offeror Concert Parties		
Mr. Li Congrui	350,000	0.02
Mr. Jiang Nan	484,500	0.02
<i>Total of the Offeror Concert Parties</i>	<i>834,500</i>	<i>0.04</i>
Total of the Offeror and the Offeror Concert Parties	1,336,153,500	66.81
Participating Unitholders		
童錦泉 (Tong JinQuan) ⁽¹⁾	190,643,500	9.53
陸士慶 (Lu Shiqing)	160,101,000	8.01
Camden Medical Centre Private Limited	60,850,000	3.04
Shanghai Construction Overseas (Holdings) Limited	28,971,500	1.45
HPRY Holdings Limited ⁽²⁾	27,000,000	1.35
Ho Lee Group Trust ⁽³⁾	21,700,000	1.09
Wii Pte. Ltd. ⁽²⁾	14,000,000	0.70
Total of the Participating Unitholders	503,266,000	25.16
Independent Holders of Scheme Share Stapled Units excluding Participating Units	160,580,500	8.03
 Total	 <u><u>2,000,000,000</u></u>	 <u><u>100.00</u></u>

Notes:

- Out of the 190,643,500 Share Stapled Units, 619,500 Share Stapled Units are directly held by Mr. Tong JinQuan and 190,024,000 Share Stapled Units are held by Wealthy Fountain Holdings INC (“Wealthy Fountain”), a company wholly-owned by Mr. Tong JinQuan. Therefore, Mr. Tong JinQuan is also deemed to be interested in the Share Stapled Units held by Wealthy Fountain.
- Wii Pte. Ltd. is wholly owned by Wilmar International Limited (“Wilmar International”) (a company listed on the Singapore Stock Exchange Ltd). Mr. Kuok Khoon Hong (“Mr. Kuok”) is the chairman and chief executive officer of the board of directors of Wilmar International and a substantial shareholder of Wilmar International. HPRY Holdings Limited is wholly-owned by Mr. Kuok.
- Perpetual (Asia) Limited held these 21,700,000 Share Stapled Units in its capacity as the trustee of Ho Lee Group Trust.
- All percentages in the above table are approximations.

- (G) Each of the Participating Unitholders has undertaken to the Offeror that it will exercise (or procure the exercise of) all voting rights attached to the Scheme Shares held or owned by it in favour of all the resolutions to approve the Scheme of Arrangement and any matters in connection therewith at the Court Meetings.
- (H) The Offeror and the Offeror Concert Parties have undertaken to the Grand Court to be bound by the terms of the Scheme of Arrangement and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable for the purpose of giving effect to and satisfying its obligations under the Scheme of Arrangement.

SCHEME OF ARRANGEMENT

PART I

Cancellation and extinguishment of the Scheme Shares

1. On the Effective Date the issued share capital of the Company shall be reduced by cancelling and extinguishing the Scheme Shares and the Scheme Shareholders shall cease to have any right with respect to the Scheme Shares except the right to receive the Cancellation Price.
2. After the Scheme of Arrangement (and the cancellation of the corresponding Units under the Trust Deed) has become effective the Offeror will own 100% of the Company.

PART II

Consideration for the cancellation and extinguishment of the Scheme Shares

3. In consideration of the cancellation and extinguishment of the Scheme Shares (and the cancellation of the corresponding Units under the Trust Deed), the Offeror shall pay (or procure that there shall be paid) to each Holder of Scheme Share Stapled Units (as appears in the Register on the Scheme Record Date):

for each Scheme Share cancelled and extinguished HK\$4.80 in cash

PART III

General

4. (a) As soon as possible and in any event not later than seven (7) Business Days from the date the Proposal having become effective, the Offeror shall send or cause to be sent to the Holders of Scheme Share Stapled Units cheques representing the Cancellation Price.

- (b) Unless otherwise indicated in writing to the Hong Kong branch share registrar and transfer office of the Company, being Computershare Hong Kong Investor Services Limited, all cheques to be despatched to the Holders of Scheme Share Stapled Units shall be sent by ordinary post in envelopes addressed to the Holders of Scheme Share Stapled Units at their respective registered addresses as appearing in the Register on the Scheme Record Date or, in the case of joint holders, to the registered addresses as appearing in the Register on the Scheme Record Date of the joint holder whose name stands first in the Register in respect of the relevant joint holding.
- (c) Cheques shall be posted at the risk of the addressees and neither the Offeror, the Trustee-Manger, the Company, DBSAC nor Computershare Hong Kong Investor Services Limited shall be responsible for any loss or delay in receipt.
- (d) Cheques shall be in favour of the person to whom, in accordance with the provisions of paragraph (b) of this Clause 4, the envelope containing the same is addressed and the encashment of any such cheques shall be a good discharge to the Offeror for the monies represented thereby.
- (e) On or after the day being six calendar months after the posting of the cheques pursuant to paragraph (b) of this Clause 4, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been encashed or has been returned uncashed and shall place all monies represented thereby in a deposit account in the Offeror's name with a licensed bank in Hong Kong selected by the Offeror. The Offeror shall hold such monies on trust for those entitled under the terms of the Scheme of Arrangement until the expiration of six years from the Effective Date and shall prior to such date pay out of such monies the sums payable pursuant to the Scheme of Arrangement to persons who satisfy the Offeror that they are entitled thereto and the cheques referred to in paragraph (a) of this Clause 4 of which they are payees have not been encashed. Any payments made by the Offeror shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to this Scheme of Arrangement. The Offeror shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled and a certificate of the Offeror to the effect that any particular person is so entitled or not so entitled, as the case may be, shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (f) On the expiration of six years from the Effective Date, the Offeror, the Trustee-Manager, Jinmao Hotel and the Company shall be released from any further obligation to make any payments under the Scheme of Arrangement and the Offeror shall be absolutely entitled to the balance (if any) of the sums then standing to the credit of the deposit or custodian account in its name, including accrued interest subject to any deduction required by law and expenses incurred.
- (g) Paragraph (f) of this Clause 4 shall take effect subject to any prohibition or condition imposed by law.

- (h) Upon cancellation and extinguishment of the Scheme Shares (and the cancellation of the corresponding Units under the Trust Deed), the Register shall be updated to reflect such cancellation and extinguishment.
5. As from the Effective Date, any instruments of transfer relating to and all certificates representing the Scheme Shares shall cease to have effect as documents of title (and/or for any purpose as an instrument of transfer).
 6. All mandates, representations, warranties, undertakings or relevant instructions to or by the Company in force on the Scheme Record Date relating to any of the Scheme Shares shall cease to be valid as effective mandates, representations, warranties, undertakings or instructions on the Effective Date.
 7. The Scheme of Arrangement shall become effective as soon as a copy of the Order of the Grand Court sanctioning the Scheme of Arrangement has been delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to section 86(3) of the Companies Law.
 8. Unless the Scheme of Arrangement shall have become effective on or before 30 November 2020 or such later date, if any, as the Offeror and the Company may agree or, to the extent applicable, as the Executive may consent and as the Grand Court on application of the Offeror or the Company may allow, the Scheme of Arrangement shall lapse and be of no effect.
 9. The Trustee-Manager, the Company and the Offeror may, subject to the approval of the Grand Court, jointly consent for and on behalf of all concerned to any modification of or addition to the Scheme of Arrangement.
 10. If the Independent Board Committee or the Independent Financial Adviser does not recommend the Proposal, and the Scheme is not approved, all expenses incurred by Jinmao Hotel and the Company in connection therewith shall be borne by the Offeror in accordance with Rule 2.3 of the Takeovers Code.

Date 17 August 2020

NOTICE OF UNITHOLDERS MEETING

NOTICE IS HEREBY GIVEN that the unitholders meeting (the “**Unitholders Meeting**”) of Jinmao Hotel (the “**Trust**”) and Jinmao (China) Hotel Investments and Management Limited (the “**Company**”), as convened by Jinmao (China) Investments Manager Limited (the “**Trustee-Manager**”) and the Company, will be convened for the purpose of considering and, if thought fit, approving, with or without modification(s), a Proposal (the “**Proposal**”) proposed to be made between the Trust and the Company and the holder(s) of the Scheme Share Stapled Units (as defined in the Scheme of Arrangement) and that the Unitholders Meeting of holder(s) of Units (other than those held by the Offeror) (the “**Scheme Units**”) will be held at Salon I-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 10 September 2020 at 10:00 a.m. (Hong Kong time) at which place and time all holder(s) of Scheme Units are invited to attend.

A copy of the scheme of arrangement (the “**Scheme of Arrangement**”) about the Proposal and a copy of an explanatory statement explaining the effect of Proposal (including the Scheme of Arrangement) are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the holder(s) of the Scheme Units from the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

The holder(s) of Scheme Units may vote in person, or by corporate representative, at the Unitholders Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. A **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders (or any adjournment thereof) is enclosed. Completion and return of the **Pink** combined form of proxy will not prevent a holder(s) of the Scheme Units and Scheme Preference Shares from attending and voting at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders, or any adjournment thereof, in person if he/she wishes to do so and in such event, the **Pink** combined form of proxy previously submitted shall be deemed to have been revoked by operation of law.

It is requested that the duly completed **Pink** combined form of proxy be deposited at the Hong Kong branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 10:00 a.m. on Tuesday, 8 September 2020.

The Trustee-Manager and the Company have appointed Tse Yung Hoi, or failing him, any director of the Company, or failing which, any person as nominated according to the Trust Deed, to act as the chairman of the Unitholders Meeting and have directed the chairman of the Unitholders Meeting to report the results of the Unitholders Meeting to the Court Meeting of Scheme Preference Shareholders.

The Scheme of Arrangement will be subject to a subsequent application seeking the sanction of the Court.

By Order of the boards of
Jinmao (China) Investments Manager Limited
and
Jinmao (China) Hotel and Investments Management Limited
LI Congrui
Chairman of the boards of the Company and Trustee-Manager

Hong Kong, 17 August 2020

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**Principal Place of Business of the Company
in Hong Kong**

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Registered Office of the Trustee-Manager

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Notes:

- (1) Unless defined herein, terms in this notice shall have the meaning ascribed to it as stated in the composite scheme document dated 17 August 2020.
- (2) A holder(s) of Scheme Unit entitled to attend and vote at the Unitholders Meeting is entitled to appoint one, and if such holder(s) of Scheme Units is the holder of two or more Units, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Jinmao Hotel and the Company, but must attend the Unitholders Meeting in person to represent him.
- (3) A **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders (or any adjournment thereof) is enclosed.
- (4) In order to be valid, the **Pink** combined form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders should be completed and signed in accordance with the instructions printed on it and should be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event no later than 10:00 a.m. on 8 September 2020. The **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders may be handed to the Chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it). Completion and return of the relevant forms of proxy for the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders will not preclude a holder of Scheme Units and holder of Scheme Preference Shares from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.
- (5) In the case of joint holder(s) of Scheme Units, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the register of the Unitholders maintained according to the Trust Deed.
- (6) Voting at the Unitholders Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.
- (7) The register of Unitholders maintained according to clause 10.1 of the Trust Deed will be closed from 7 September 2020 to 10 September 2020 (both days inclusive) and during such period no transfer of Units will be registered. In order to be entitled to attend and vote at the Unitholders Meeting, all transfers accompanied by the relevant certificates of the Share Stapled Units must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 September 2020.
- (8) In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the Unitholders, the Trustee-Manager and the Company encourage the Unitholders to consider appointing the chairman of the Unitholders Meeting as his/her/its proxy to vote on the relevant resolution at the Unitholders Meeting as an alternative to attending the Unitholders Meeting in person.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 170 OF 2020 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION)
(AS AMENDED)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF JINMAO (CHINA) HOTEL INVESTMENTS AND
MANAGEMENT LIMITED

**NOTICE OF COURT MEETING
OF HOLDER OF
SCHEME ORDINARY SHARES**

NOTICE IS HEREBY GIVEN that, by an order dated on or about 13 August 2020 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the holder(s) of Scheme Ordinary Shares (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving, with or without modification(s), a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between Jinmao (China) Hotel Investments and Management Limited (the “**Company**”) and the holder of the Scheme Ordinary Shares (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at Salon I-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 10 September 2020 at 11:00 a.m. (Hong Kong time) at which place and time all holder(s) of Scheme Ordinary Shares are invited to attend.

A copy of the Scheme of Arrangement and a copy of an explanatory statement explaining the effect of the Scheme of Arrangement are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the holder(s) of the Scheme Ordinary Shares from the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

The holder(s) of Scheme Ordinary Shares may vote in person, or by corporate representative, at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. As the Trustee-Manager will attend the Court Meeting of Scheme Ordinary Shareholder by corporate representative, no proxy form will be provided.

By the Order, the Court has appointed Tse Yung Hoi, a director of the Company, or failing him, any other director of the Company as at the date of the Court Meeting, or failing which, Chan Shan Shan Janette (being a person so nominated by the board of directors of the Company) to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
Jinmao (China) Hotel and Investments Management Limited
LI Congrui
Chairman of the board of the Company

Hong Kong, 17 August 2020

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Notes:

- (1) Unless defined herein, terms in this notice shall have the meaning ascribed to it as stated in the composite scheme document dated 17 August 2020.
- (2) Voting at the Court Meeting will be taken by poll as required under the Listing Rules and the Takeovers Code.
- (3) The register of members of the Company maintained in the Cayman Islands will be closed from 7 September 2020 to 10 September 2020 (both days inclusive) and during such period no transfer of Shares will be registered.

IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION

Cause No. FSD 170 OF 2020 (CRJ)

IN THE MATTER OF SECTIONS 15 AND 86 OF THE COMPANIES LAW (2020 REVISION)
(AS AMENDED)

AND IN THE MATTER OF THE GRAND COURT RULES 1995 ORDER 102

AND IN THE MATTER OF JINMAO (CHINA) HOTEL INVESTMENTS AND
MANAGEMENT LIMITED

**NOTICE OF COURT MEETING
OF HOLDER(S) OF
SCHEME PREFERENCE SHARES**

NOTICE IS HEREBY GIVEN that, by an order dated on or about 13 August 2020 (the “**Order**”) made in the above matter, the Grand Court of the Cayman Islands (the “**Court**”) has directed a meeting (the “**Court Meeting**”) to be convened of the holder(s) of Scheme Preference Shares (as defined in the Scheme of Arrangement hereinafter mentioned) for the purpose of considering and, if thought fit, approving, with or without modification(s), a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between Jinmao (China) Hotel Investments and Management Limited (the “**Company**”) and the Scheme Shareholders (as defined in the Scheme of Arrangement) and that the Court Meeting will be held at Salon I-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 10 September 2020 at 11:30 a.m. (Hong Kong time) at which place and time all holder(s) of Scheme Preference Shares are invited to attend.

A copy of the Scheme of Arrangement and a copy of an explanatory statement explaining the effect of the Scheme of Arrangement are incorporated in the composite scheme document of which this Notice forms part. A copy of the composite scheme document can also be obtained by the holder(s) of Scheme Preference Shares from the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

Holder(s) of Scheme Preference Shares may vote in person, or by corporate representative, at the Court Meeting or they may appoint another person (who must be an individual), whether a member of the Company or not, to attend, speak and vote in their stead. A **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting (or any adjournment thereof) is enclosed. Completion and return of the **Pink** combined form of proxy will not prevent a holder(s) of the Scheme Units and Scheme Preference Shares from

attending and voting at the Unitholders Meeting and the Court Meeting, or any adjournment thereof, in person if he/she wishes to do so and in such event, the **Pink** combined form of proxy previously submitted shall be deemed to have been revoked by operation of law.

In the case of holder(s) of Scheme Preference Shares jointly holding preference shares of HK\$0.0005 par value each in the share capital of the Company (the “**Preference Share(s)**”), any one of such persons may vote at the Court Meeting, either personally, by corporate representative or by proxy, in respect of such Preference Share(s) as if he/she was solely entitled thereto. However, if more than one of such joint holders be present at the Court Meeting personally, by corporate representative or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. For this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of such joint holding of Preference Share(s), the first named holder(s) of Scheme Preference Shares being the senior.

It is requested that the duly completed **Pink** combined form of proxy be deposited at the Hong Kong branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 10:00 a.m. on Tuesday, 8 September 2020. If the **Pink** combined form of proxy in respect of the Unitholders Meeting and Court Meeting of Scheme Preference Shareholders is not lodged, it may also be handed to the Chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it).

By the Order, the Court has appointed Tse Yung Hoi, a director of the Company, or failing him, any other director of the Company as at the date of the Court Meeting, or failing which, Chan Shan Shan Janette (being a person so nominated by the board of directors of the Company) to act as the chairman of the Court Meeting and has directed the chairman of the Court Meeting to report the results of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to a subsequent application seeking the sanction of the Court.

By Order of the Court
**Jinmao (China) Hotel Investments and
Management Limited**
LI Congrui
Chairman of the board of the Company

Hong Kong, 17 August 2020

Registered Office

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Principal Place of Business in Hong Kong

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Notes:

- (1) Unless defined herein, terms in this notice shall have the meaning ascribed to it as stated in the composite scheme document dated 17 August 2020.
- (2) A holder(s) of Scheme Preference Shares entitled to attend and vote at the Court Meeting is entitled to appoint one, and if such holder(s) of Scheme Preference Shares is the holder of two or more Preference Shares, more than one proxy to attend and vote instead of him. A proxy need not be a member of the Company, but must attend the Court Meeting in person to represent him.
- (3) A **Pink** combined form of proxy for use at the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders (or any adjournment thereof) is enclosed.
- (4) In order to be valid, the **Pink** combined form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof, in respect of the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders should be completed and signed in accordance with the instructions printed on it and should be lodged with Computershare Hong Kong Investor Services Limited, the Company's Hong Kong branch share registrar and transfer office at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event no later than 10:00 a.m. on 8 September 2020. The **Pink** combined form of proxy may be handed to the Chairman of the Unitholders Meeting at the Unitholders Meeting (who shall have absolute discretion whether or not to accept it). Completion and return of the relevant forms of proxy for the Unitholders Meeting and the Court Meeting of Scheme Preference Shareholders will not preclude a holder of Scheme Units and holder of Scheme Preference Shares from attending the relevant meeting and voting in person. In such event, the relevant form of proxy returned will be deemed to have been revoked.
- (5) In the case of joint holder(s) of Scheme Preference Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in register of members of the Company in respect of the relevant joint holding of the Preference Shares.
- (6) Voting at the Court Meeting of holder(s) of Scheme Preference Shares will be taken by poll as required under the Listing Rules and Takeovers Code.
- (7) The register of members of the Company will be closed from 7 September 2020 to 10 September 2020 (both days inclusive) and during such period no transfer of Preference Shares will be registered. In order to be entitled to attend and vote at the Court Meeting, all transfers accompanied by the relevant certificates of the Share Stapled Units must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 September 2020.
- (8) In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the holders of Scheme Preference Shares, the Trustee-Manager and the Company encourages the holders of Scheme Preference Shares to consider appointing the chairman of the Court Meeting as his/her/its proxy to vote on the relevant resolution at the Court Meeting as an alternative to attending the Court Meeting in person.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of Jinmao Hotel (the “**Trust**”) and Jinmao (China) Hotel Investments and Management Limited (the “**Company**”), as convened by Jinmao (China) Investments Manager Limited (the “**Trustee-Manager**”) and the Company, will be held at Salon I-IV, Mezzanine Floor, Grand Hyatt Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on 10 September 2020 at 12:00 p.m. (or as soon as after the conclusion or the adjournment of the Unitholders Meeting and the Court Meetings (as defined in the Scheme of Arrangement hereinafter mentioned) convened at the direction of the Grand Court of the Cayman Islands for the same day and place), for the purpose of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTION1. “**THAT**

- (a) pursuant to the scheme of arrangement dated 17 August 2020 (the “**Scheme of Arrangement**”) between the Company and holders of the Scheme Shares (as defined in the Scheme of Arrangement) in the form of the print thereof, which has been produced to this meeting and for the purposes of identification signed by the chairman of this meeting, or in such other form and on such terms and conditions as may be approved or imposed by the Grand Court of the Cayman Islands, on the Effective Date (as defined in the Scheme of Arrangement), the issued share capital of the Company shall be reduced by the cancellation and extinguishment of the Scheme Shares (as defined in the Scheme of Arrangement);
- (b) the cancellation of the Scheme Units (as defined in the Scheme of Arrangement) be and is hereby approved; and any one of the directors of the Trustee-Manager and the Company be and is hereby authorised to do all acts and things considered by him/her to be necessary or desirable in connection with the cancellation of the Scheme Units;
- (c) subject to the Scheme of Arrangement becoming effective, the withdrawal of the listing of the share stapled units of Jinmao Hotel and the Company from The Stock Exchange of Hong Kong Limited be and is hereby approved and any one of the directors of the Trustee-Manager and the Company be and is hereby authorised to apply to The Stock Exchange of Hong Kong Limited for the withdrawal of the listing of the share stapled units of Jinmao Hotel and the Company; and
- (d) any one of the directors of the Trustee-Manager and the Company be and is hereby authorised to do all acts and things considered by him to be necessary or desirable in connection with the implementation of the Scheme of Arrangement, the reduction of issued share capital of the Company pursuant to the Scheme of Arrangement and the Proposal (as defined in the document of which the notice of this resolution forms part), including (without limitation) giving consent to any modification of, or addition to, the Scheme of Arrangement or the reduction of issued share capital of the Company which the Grand Court of the Cayman Islands may see fit to impose.”

By Order of the Boards
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
LI Congrui
Chairman

Hong Kong, 17 August 2020

Registered office of the Company

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

Principal Place of Business in Hong Kong of the Company

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Registered Office of the Trustee-Manager

Rooms 4702-03, 47th Floor, Office Tower
Convention Plaza, No. 1 Harbour Road
Wanchai, Hong Kong

Notes:

- (1) Unless defined herein, terms in this EGM notice shall have the meaning ascribed to it as stated in the composite scheme document dated 17 August 2020.
- (2) The resolution at the EGM will be taken by poll pursuant to the Listing Rules and Takeovers Code. The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited, Jinmao Hotel and the Company in accordance with the Takeovers Code and the Listing Rules.
- (3) Any holder of Share Stapled Units entitled to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a holder of Share Stapled Units.
- (4) A **White** form of proxy for use at the EGM (or any adjournment thereof) is enclosed with the composite scheme document containing the Scheme of Arrangement and the Proposal dated 17 August 2020 despatched to, among others, holders of Share Stapled Units.
- (5) In order to be valid, the **White** form of proxy together with the power of attorney or other authority, if any, under which it is signed (or a notarially certified copy of such power of attorney or authority) must be deposited with Computershare Hong Kong Investor Services Limited (the “**Share Stapled Units Registrar**”), at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 12:00 p.m. on 8 September 2020 or no less than 48 hours before the time appointed for holding the EGM or any adjourned meeting (as the case may be).

Completion and return of the **White** form of proxy will not preclude a holder of Share Stapled Units from attending the EGM and voting in person if he/she so wishes. In the event that a holder of Share Stapled Units attends and votes at the EGM after having lodged his/her **White** form of proxy, his/her **White** form of proxy will be deemed to have been revoked by operation of law.

- (6) Where there are joint registered Holders of Share Stapled Unit, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such Share Stapled Unit as if he/she was solely entitled thereto; but if more than one of such joint holders is present at the EGM personally or by proxy, that one of the holders so present whose name stands first on the Share Stapled Units register in respect of such Share Stapled Unit shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased holder of Share Stapled Units in whose name any Share Stapled Unit stands shall for this purpose be deemed joint holders thereof.
- (7) The register of registered holders of Share Stapled Units, the register of holders of units of the Trust, the principal and Hong Kong branch registers of members of the Company, and the register of beneficial interests as established and maintained by the Trustee-Manager and the Company in accordance with the provisions of the Trust Deed in respect of the Share Stapled Units will all be closed from 7 September 2020 to 10 September 2020 (both days inclusive) and during such period no transfer of Share Stapled Units will be registered. In order to be entitled to attend and vote at the EGM, all transfers accompanied by the relevant Share Stapled Units certificates must be lodged with the Share Stapled Units Registrar, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 September 2020.
- (8) Each Share Stapled Unit comprises:

- (a) a unit in the Trust (the “Unit”);
- (b) a beneficial interest in a specifically identified ordinary share of the Company (the “Ordinary Share”) held by the Trustee-Manager as legal owner, which is “linked” to the Unit; and
- (c) a specifically identified preference share of the Company (the “Preference Share”), which is “stapled” to the Unit.

Under the trust deed dated 13 June 2014 constituting the Trust and the Company’s amended and restated Articles of Association, the number of ordinary shares and preference shares of the Company in issue must be the same at all times and must also, in each case, be equal to the number of units of the Trust in issue; and each of them is equal to the number of Share Stapled Units in issue.

- (9) The EGM is convened as a combined meeting of unitholders of the Trust (the “Unitholders”) and shareholders of the Company. The resolution proposed to approve a matter to be considered by the holders of Share Stapled Units at the EGM shall serve as both a resolution of Unitholders and a resolution of shareholders of the Company.
- (10) The **White** form of proxy provided to holders of Share Stapled Units for use at the EGM, and the form of voting paper to be used at the EGM, are, in each case, a single composite form. The effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution of holders of Share Stapled Units to be proposed at the EGM shall be the vote cast in respect of the relevant Share Stapled Units and shall constitute:
 - (a) a vote of the units in the Trust (as a component of the relevant Share Stapled Units) in respect of the resolution of unitholders of the Trust under the Trust Deed;
 - (b) a vote of the preference shares of the Company (as a component of the relevant Share Stapled Units) in respect of the resolution of shareholders of the Company under the Articles of Association; and
 - (c) an instruction to the Trustee-Manager to vote the number of ordinary shares of the Company held by the Trustee-Manager (as a component of the relevant Share Stapled Units) in respect of the resolution of shareholders of the Company under the Articles of Association.
- (11) In respect of each individual Share Stapled Unit, the voting rights conferred by the unit, and the preference share and the interest in an ordinary share which are components of the relevant Share Stapled Unit can only be exercised in the same way (either for or against) in respect of a resolution of holders of Share Stapled Units to be proposed at the EGM; and completion of a form of proxy or voting paper in respect of a Share Stapled Unit will have that effect, as described in note 9 above.
- (12) If typhoon signal no. 8 or above remains hoisted, or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force at 12:00 noon on the date of the EGM, the EGM will be postponed or adjourned. Holders of Share Stapled Units are requested to visit the website of the Company at www.jinmao88.com and the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk for the date, time and place of the rescheduled meeting.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. Holders of Share Stapled Units shall make their own decision as to whether they would attend the EGM under bad weather conditions bearing in mind their own situation and if they should choose to do so, they are advised to exercise care and caution.
- (13) In case of inconsistency between the Chinese version and the English version of this notice, the English version shall prevail.
- (14) In order to facilitate the prevention and control of the spread of the Novel Coronavirus (COVID-19) epidemic and to safeguard the health and safety of the holders of Share Stapled Units, the Trustee-Manager and the Company encourage the holders of Share Stapled Units to consider appointing the chairman of the EGM as his/her/its proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.
- (15) References to time and date in this notice are to Hong Kong time and date.

The following is the text of a letter, summary of valuations and valuation reports prepared for the purpose of incorporation in this Scheme Document, received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the properties held by Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited as at 30 June 2020.



16/F
Jardine House
1 Connaught Place
Central
The Hong Kong Special
Administrative Region of
the People's Republic of China

17 August 2020

The Directors
Jinmao Hotel & Jinmao (China) Hotel Investments and Management Limited
Room Nos. 4702 to 03
47/F Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with your instructions for us to value the properties held by Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) in the People’s Republic of China (the “PRC”) (as more particularly described in the valuation reports), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 30 June 2020 (the “valuation date”).

As advised by the Company, we confirm that this property valuation report comprises all properties held by the Group.

DEFINITION OF MARKET VALUE

Our valuation of each of the properties represents its Market Value which in accordance with HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (“HKIS”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION BASIS AND ASSUMPTIONS

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, Rule 11 of The Code on Takeovers and Mergers issued by the Securities and Futures Commission and The HKIS Valuation Standards 2017 published by HKIS.

In the course of our valuation of the properties in the PRC, we have relied on the information and advice given by the Group and its legal advisor, Tianyuan Law Firm, regarding the title to each of the properties and the interest of the Group in the properties. In valuing the properties, we have prepared our valuation on the basis that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired land use term as granted.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Group are set out in the notes of the respective valuation reports.

For the purpose of compliance with Rule 11.3 of The Code on Takeovers and Mergers, the potential tax liabilities which may arise from the sale of the properties in the PRC will comprise (a) Stamp Duty, (b) Corporate Income Tax (standard rate of 25%) and (c) Land Appreciation Tax (progressive rates from 30% to 60%). The precise tax implication for the sales of properties will be subject to prevailing rules and regulations at the time of disposal.

As the Group has no intention to dispose of or transfer the relevant property interests, the likelihood of any potential tax liability of these properties being crystallized is remote.

METHOD OF VALUATION

In valuing the properties in Group I, which are properties held by the Group for occupation in the PRC, we have used the direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession by making reference to comparable sales transactions as available in the relevant market.

In valuing the property in Group II, which are properties held by the Group for investment in the PRC, we have used income capitalization approach on the basis of capitalization of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property or by reference to comparable market transactions.

In valuing the properties in Group III, which are hotels held by the Group for operation in the PRC, we have used discounted cash flow (“DCF”) approach, which involves discounting future net cash of each property in Group III until the end of the unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared a 10-year cash flow forecast with reference to the current and anticipated market conditions.

Direct comparison approach is the best approach for property valuation in theory because it is a market approach showing what price levels that the buyers really paid for the properties in the market. However, this approach has limitation for application especially in the event that relevant property transactions are few and the nature of properties are not uniform.

Direct comparison approach is a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which is comparable to the Property. However, because of the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the property under consideration. Properties in Group I are those properties have sufficient transactions in the relevant market and direct comparison approach is a suitable method for valuing these properties.

Income capitalization approach is usually used to estimate the market value of rental income producing properties, i.e. the properties in Group II. It involves the income streams of two components, the actual and reversionary net rental income. The method converts the actual and reversionary net rental incomes from the properties into market value through the process of capitalization.

Discounted cash flow approach is usually used to estimate the market value of the property used in operation of a trade or business, i.e. the hotel properties in Group III.

SOURCES OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information given to us by the Group regarding the title to each of the properties and the interests of the Group in the properties. We have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of rooms and car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

TITLE INVESTIGATION

We have been provided with extracts of documents relating to the titles of the properties in the PRC but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and the PRC legal opinion prepared by the Company's legal advisor dated 1 July 2020 regarding the Group's interests in the PRC properties.

SITE INSPECTION

We have inspected the exterior and, whenever possible, the interior of the properties in 2020. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

The following are the information of our valuers who have inspected the properties.

Name of valuer	Property No. inspected by the valuer	No. of year experience in property valuation in the PRC	Qualification of the valuer	Date of inspection
Mr. Tyler Chen	Property Nos. 3, 5 and 6	5	Bachelor of Civil Engineering	4 July 2020
Mr. William Cai	Property No. 7	2	Bachelor of Mathematics/Financial Analysis & Risk Management	1 July 2020
Ms. Melody Chen	Property Nos. 4 and 8	1.5	Master of Science – Investment Management	1 July 2020
Ms. Candy Gan	Property No. 9	10	Registered China Real Estate Appraiser	6 July 2020
Ms. Zheng Han	Property Nos. 1, 10 and 11	4	Bachelor of Engineering Management	3 July 2020
Ms. Rachel Li	Property Nos. 2 and 12	2	Master of Social Science in Housing Studies	2 to 4 July 2020
Ms. Judy Song	Property No. 13	3	Master of Asset Valuation	30 June 2020

CURRENCY

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation reports.

Yours faithfully,
for and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MRICS, MHKIS
Director
Valuation & Advisory Services

Note: Mr. Philip C.Y. Tsang is a Registered Professional Surveyor who has over 27 years of experience in the valuation of properties in the PRC.

This valuation reports are prepared by Mr. Peter W. C. Loi, MRICS, MHKIS, RPS (General Practice), Registered China Real Estate Appraiser who has over 26 years of experience in the valuation of properties in the PRC, under the supervision of Philip C. Y. Tsang.

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 30 June 2020 RMB	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 30 June 2020 RMB
Group I – Properties held by the Group for occupation in the PRC			
1 A staff dormitory building at Yingbin Road, Jiyang District, Sanya, Hainan Province, the PRC 中國海南省三亞市吉陽區迎賓路 一棟宿舍樓	94,000,000	100	94,000,000
2 A staff dormitory building at No. 410 Changshui Road, Gucheng District, Lijiang, Yunnan Province, the PRC 中國雲南省麗江市古城區長水路 410號一幢宿舍樓	50,000,000	100	50,000,000
Sub-total of Group I	144,000,000		144,000,000
Group II – Properties held by the Group for investment in the PRC			
3 The commercial and office portions of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號 金茂大廈商業及辦公樓部分	9,277,500,000	100	9,277,500,000
4 A single storey retail building in Renaissance Beijing Wangfujing Hotel, No. 57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號 金茂北京王府井萬麗酒店內 一幢單層商舖樓	99,300,000	100	99,300,000
Sub-total of Group II	9,376,800,000		9,376,800,000

SUMMARY OF VALUATIONS

Property	Market value in existing state as at 30 June 2020 <i>RMB</i>	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 30 June 2020 <i>RMB</i>
Group III – Properties held by the Group for operation in the PRC			
5 Grand Hyatt Shanghai, Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號 上海金茂君悅大酒店	2,780,000,000	100	2,780,000,000
6 Hyatt Regency Chongming, No. 1 Lane 799, Lan Hai Road, Chenjia Town, Chongming County, Shanghai, the PRC 中國上海市崇明縣陳家鎮攬海路 799弄1號崇明金茂凱悅酒店	600,000,000	100	600,000,000
7 The Westin Beijing Chaoyang, No. 7 North Dongsanhuan Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區東三環北路7號 金茂北京威斯汀大飯店	2,330,000,000	100	2,330,000,000
8 Renaissance Beijing Wangfujing Hotel, No. 57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號 金茂北京王府井萬麗酒店	1,270,000,000	100	1,270,000,000
9 JW Marriott Hotel Shenzhen, No. 6005 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, the PRC 中國廣東省深圳市福田區 深南大道6005號 金茂深圳JW萬豪酒店	1,770,000,000	100	1,770,000,000

Property	Market value in existing state as at 30 June 2020 <i>RMB</i>	Interest attributable to the Group %	Market value in existing state attributable to the Group as at 30 June 2020 <i>RMB</i>
10 The Ritz-Carlton, Sanya, Yalong Bay, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國海南省三亞市 亞龍灣國家旅遊度假區 金茂三亞麗思卡爾頓酒店	2,690,000,000	100	2,690,000,000
11 Hilton Sanya Yalong Bay Resort and Spa, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國海南省三亞市 亞龍灣國家旅遊度假區 金茂三亞希爾頓大酒店	2,380,000,000	100	2,380,000,000
12 Lijiang Jinmao Hotels situated at No. 8 Xiangjiang Road and Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan Province, the PRC 中國雲南省麗江市香江路8號及 玉龍雪山甘海子 麗江金茂酒店	1,200,000,000	100	1,200,000,000
13 Jinmao Hotels Xian Central, No. 119 Zhubashi, Beilin District, Xian, Shaanxi Province, the PRC 中國陝西省西安市碑林區 竹笆市119號金茂西安鼓樓酒店	180,000,000	66.67	120,006,000
Sub-total of Group III	15,200,000,000		15,140,006,000
Total of Groups I to III	24,720,800,000		24,660,806,000

VALUATION REPORT

Group I – Properties held by the Group for occupation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
1	A staff dormitory building at Yingbin Road, Jiyang District, Sanya, Hainan Province, the PRC 中國海南省三亞市吉陽區迎賓路一棟宿舍樓	The property comprises Units 1 and 2 of all floors in D1 Building of Dong'an Holiday Garden. D1 Building is an 11-storey building for residential use. Completed in 2007, the property has a total gross floor area of approximately 6,273.30 sq.m. The immediate locality of the property is an urban area in Sanya where are predominated by residential developments with commercial and communal facilities. The property is held with land. The property is held with land use rights for a term due to expire on 9 April 2077 for residential use.	The property is used by the Group as staff dormitory.	RMB94,000,000 (RENMINBI NINETY FOUR MILLION) (100% interest attributable to the Group: RMB94,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2009) 00279 dated 9 January 2009, the land use rights of the property having a site area of approximately 4,288.09 sq.m. and building ownership of the property having a gross floor area of 6,273.30 sq.m. have been vested in 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 9 April 2077 for residential use.

金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 9 April 2019, 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has been established as a limited company with a registered capital of RMB500,000,000 and an operating period from 23 March 2004 to 22 March 2034.
- (3) We have been provided with a legal opinion issued by the Group's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has obtained Real Estate Title Certificate of the property; and
- (ii) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has the right to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows.

Real Estate Title Certificate	Yes
Business License	Yes

- (5) Our major assumptions in our valuation method are as follows:

Use	Market unit price <i>(RMB/sq.m.)</i>
Residential	15,000

In undertaking our valuation, we have made reference to various recent asking sales of other similar properties within the same district. The asking selling prices of those similar residential properties range from approximately RMB16,000 per sq.m. to RMB18,000 per sq.m.

The above market unit price adopted by us are consistent with the level of the recent sales of other similar properties within the same district as mentioned above because a downward adjustment has on the above asking prices been made to reflect the room in negotiation of price.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
2	A staff dormitory building situated at No. 410 Changshui Road, Gucheng District, Lijiang, Yunnan Province, the PRC 中國雲南省麗江市古城區長水路410號一幢宿舍樓	The property comprises a 6-storey building with a basement developed on land with site area of 8,479.55 sq.m. Completed in 2013, the property has a total gross floor area of approximately 6,261.31 sq.m. The immediate locality of the property is an urban area in Lijiang where are predominated by residential developments with commercial and communal facilities. The property is held with land use rights with a term from 26 September 2011 to 26 September 2081 for residential use.	The property is used by the Group as staff dormitory.	RMB50,000,000 (RENMINBI FIFTY MILLION) (100% interest attributable to the Group: RMB50,000,000)

Notes:

- (1) According to Real Estate Title Certificate No. (2017) 0002147 dated 3 July 2017, the land use rights and building ownership of the property have been vested in 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) with site area of 8,479.55 sq.m. and gross floor area of 6,261.31 sq.m. with a term from 26 September 2011 to 26 September 2081 for residential use.

金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 21 April 2020, 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has been established as a limited company with a registered capital of RMB500,000,000 and a valid operation period commencing from 12 March 2008.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has obtained Real Estate Title Certificate of the property; and
- (ii) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business License	Yes

(5) Our major assumptions in our valuation method are as follows:

Use	Market unit price <i>(RMB/sq.m.)</i>
Residential	8,000

In undertaking our valuation, we have made reference to various recent sales of other similar properties within the same district. The selling prices of those similar residential properties range from approximately RMB6,700 per sq.m. to RMB8,500 per sq.m.

The above market unit price adopted by us are consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

VALUATION REPORT

Group II – Properties held by the Group for investment in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020	
3	<p>The commercial and office portions of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC</p> <p>中國 上海市 浦東新區 世紀大道88號 金茂大廈 商業及辦公樓部分</p>	<p>Jin Mao Tower is a composite development comprising retail shops, offices, a hotel and car parking spaces.</p> <p>Completed in 1999, Jin Mao Tower is an 88-storey building with 3 levels of car park basement plus a podium building and is erected on a parcel of land with a total site area of 23,611.00 sq.m.</p> <p>The entrance hall of Jin Mao Tower is located on the first two floors. On the 3rd–50th floors are office areas. The 51st–52nd floors are designed for mechanical and electric rooms, and the 53rd–87th floors house the Grand Hyatt Shanghai Hotel. The indoor observation deck is on the 88th floor. The podium building is connected to Jin Mao Tower.</p>	<p>As at the valuation date, most of the property with leasable area of approximately 180,601.79 sq.m. was leased to various tenants with a total monthly rent of approximately RMB47,005,067 for various terms.</p>	<p>RMB9,277,500,000</p> <p>(RENMINBI NINE BILLION TWO HUNDRED SEVENTY SEVEN MILLION FIVE HUNDRED THOUSAND)</p> <p>(100% interest attributable to the Group: RMB9,277,500,000)</p>

The property comprises the retail, office and car park portions of Jin Mao Tower with details as follows:

Use	Gross Floor Area (sq.m.)
Observation deck (Level 88)	1,884.91
Office (Level 7 to 8)	4,889.03
Office (Level 3 to 6, and 9 to 50)	132,231.97
Retail podium (Level 1 to 6)	36,352.70
720 nos. of car park space and storage	41,103.62
Total	<u>216,462.23</u>

The immediate locality of the property is an urban area and central business district in Shanghai where are predominated by high end office developments with commercial, residential and communal facilities. The property is held with land use rights for a term due to expire on 14 June 2044 for retail and office uses.

Notes:

- (1) According to two Shanghai Certificates of Real Estate Ownership both dated 26 September 2011, the property comprises portions of Jin Mao Tower and is held with land use rights having a total site area of 23,611.00 sq.m. for a term due to expire on 14 June 2044 for retail and office uses and building ownership of the property has been vested in 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.). The salient details as stipulated in the certificates are summarized as follows:

Certificate No.	Gross Floor Area (sq.m.)
(2011) 059178	37,543.77
(2011) 059202	178,918.46
Total	216,462.23

中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 29 December 2017, 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period from commencing 15 June 1995.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) has obtained Shanghai Certificates of Real Estate Ownership of the property; and
- (ii) 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of the title and grant of major approvals and Licenses in accordance with the information provided to us are as follows:

Shanghai Certificate of Real Estate Ownership	Yes
Business License	Yes

- (5) Our major assumptions in our valuation method are as follows:

Use	Market monthly unit rent (RMB/sq.m.)	Capitalization rate
Retail	320 to 850	4.5%
Office	347 to 378	4.5%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major retail lettings range from approximately RMB300 per sq.m. to RMB900 per sq.m. The monthly rental levels of those major office lettings range from approximately RMB300 per sq.m. to RMB405 per sq.m.

We have gathered and analyzed various recent sales transactions of shops and office and noted that the capitalization rates implied in those transactions are generally within the range from 4% to 5% for retail and office premises.

The above market rents adopted by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rates used are reasonable having regard to the capitalization rates analyzed from sales of comparable properties which we have collected.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
4	A single storey retail building in Renaissance Beijing Wangfujing Hotel, No. 57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號金茂北京王府井萬麗酒店內一幢單層商舖樓	The property is erected on a parcel of land with site area of approximately 9,857.90 sq.m. and comprises two buildings erected thereon, one is medium rise building known as Renaissance Beijing Wangfujing Hotel and the other is a single storey old style Chinese building. The single storey old style Chinese building has a total gross floor area of approximately 1,061.22 sq.m. and is leased as a shop. The immediate locality of the property is an urban area and central business district in Beijing where are predominated by high end office developments with commercial, residential and communal facilities. The property is held with land use rights for hotel use (commercial and underground commercial) and other commercial use (underground car parking) with terms due to expire on 22 September 2046 for commercial and underground commercial use and 22 September 2056 for underground car parking use.	The single storey building was leased to a single tenant for a term due to expire on 12 August 2024 with existing monthly rent of approximately RMB476,190 and 3% rental increment per annum.	RMB99,300,000 (RENMINBI NINETY NINE MILLION THREE HUNDRED THOUSAND) (100% interest attributable to the Group: RMB99,300,000)

Notes:

- (1) According to a Real Estate Title Certificate, the land use rights and building ownership rights of the property having a total site area of approximately 9,857.90 sq.m. have been vested in 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for terms due to expire on 22 September 2046 for commercial use and due to expire on 22 September 2056 for underground car parking respectively with details as follows.

Certificate No.	Description	Gross floor area (sq.m.)
(2018) 0025186	The single storey building	1,061.22

王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 8 August 2018, 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has been established as a limited company with a registered capital of USD73,345,589 and an operating period from 30 May 2003 to 29 May 2023.

(3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:

- (i) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has obtained Real Estate Title Certificate of the property; and
- (ii) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business License	Yes

(5) Our major assumptions in our valuation method are as follows:

Use	Market monthly unit rent (RMB/sq.m.)	Capitalization rate
Retail	520	4.5%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major retail lettings range from approximately RMB430 per sq.m. to RMB530 per sq.m.

We have gathered and analyzed various recent sales transactions of shops and noted that the capitalization rates implied in those transactions are generally within the range from 4% to 5% for retail premises.

The above market rents adopted by us are consistent with the level of the recent lettings within the property and other similar properties within the same district as mentioned above. The capitalization rates used are reasonable having regard to the capitalization rates analyzed from sales of comparable properties which we have collected.

Group III – Properties held by the Group for operation in the PRC

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020	
5	<p>Grand Hyatt Shanghai, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC</p> <p>中國 上海市 浦東新區 世紀大道88號 上海金茂君悅大酒店</p>	<p>Jin Mao Tower is a mix-use development comprising retail shops, offices, a hotel and car parking spaces.</p> <p>Jin Mao Tower is an 88-storey building with 3 levels of basement and is erected on a parcel of land with a total site area of approximately 23,611 sq.m.</p> <p>The property comprises the hotel portion of Jin Mao Tower and occupies floor space on Levels 1, 2 and 53 to 87 of Jin Mao Tower.</p> <p>The property was completed in 1999 and operated since August 1999.</p> <p>The property currently provides 555 guest rooms, Chinese and western restaurants, bars, indoor swimming pools, gyms, spas and other facilities.</p> <p>The property has a total gross floor area of approximately 76,013.11 sq.m.</p> <p>The immediate locality of the property is an urban area and central business district in Shanghai where are predominated by high end office developments with commercial, residential and communal facilities.</p> <p>The land use rights of the property have been granted to 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) for a term due to expire on 14 June 2044 for retail, office and hotel uses.</p>	<p>The property is operated as a 5-star hotel under the name “Grand Hyatt Shanghai” and is subject to a management agreement with Hyatt of China Limited for an initial term of 20 years after the formal opening of the hotel.</p>	<p>RMB2,780,000,000</p> <p>(RENMINBI TWO BILLION SEVEN HUNDRED EIGHTY MILLION)</p> <p>(100% interest attributable to the Group: RMB2,780,000,000)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2011) 059203 dated 26 September 2011, the property situated at No. 88, Century Avenue, Pudong New District is held with land use rights having a total site area of approximately 23,611.00 sq.m. for a term due to expire on 14 June 2044 for commercial and office uses. Ownership of the property having a gross floor area of approximately 76,013.11 sq.m. has been vested in 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited).

中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 29 December 2017, 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period commencing from 15 June 1995.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) has obtained Shanghai Certificate of Real Estate Ownership of the property; and
- (ii) 中國金茂(集團)有限公司 (China Jin Mao Group Co., Ltd.) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Shanghai Certificate of Real Estate Ownership	Yes
Business License	Yes

- (5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.
- (i) Average daily room rate ("ADR"): 2020/2021 – RMB1,400
- In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,411 and RMB1,391 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.
- (ii) Annual growth in ADR: stabilized at 4.0%.
- Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.
- (iii) Occupancy rate: 2020/2021 – 40%, stabilized at 75%.
- In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 89.4% and 89.1% respectively and industry statistics in the relevant market.
- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
6	Hyatt Regency Chongming, No. 1 Lane 799, Lanhai Road, Chenjia Town, Chongming County, Shanghai, the PRC 中國 上海市 崇明縣 陳家鎮 攬海路799弄1號 崇明金茂凱悅酒店	<p>The property is erected on part of a parcel of land with site area of approximately 33,400 sq.m.</p> <p>The property comprises 6 blocks of 4-6 storey hotels consisting of 235 guest rooms, 1 ballroom, 5 meeting rooms, Chinese and western restaurants, indoor swimming pools and a fitness center.</p> <p>The property was completed in 2014 and operated since 2014.</p> <p>The property has a total gross floor area of approximately 48,992.37 sq.m. of which approximately 15,280.98 sq.m. is underground. Approximately 5,930.7 sq.m. of the underground area has been designated as civil defense property.</p> <p>The immediate locality of the property is a rural area in Shanghai where are predominated by hotel developments with commercial, residential and communal facilities.</p> <p>The property is held with land use rights for a term due to expire on 4 November 2048 for commercial use.</p>	<p>The property is operated as a 5-star hotel under the name “Hyatt Regency Chongming” and is subject to a management agreement dated 4 May 2011 with Hyatt International Hotel Management (Beijing) Co., Ltd. for an initial term of 20 years after the formal opening of the hotel.</p>	<p>RMB600,000,000 (RENMINBI SIX HUNDRED MILLION) (100% interest attributable to the Group: RMB600,000,000)</p>

Notes:

- (1) According to Shanghai Certificate of Real Estate Ownership No. (2014) 005404 dated 22 May 2014, the land use rights with a total site area of approximately 109,994 sq.m. and building ownership of the property having a gross floor area of 48,992.37 sq.m. have been vested in 驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) for a term due to expire on 4 November 2048 for commercial use.

驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 12 January 2018, 驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) has been established as a limited company with a registered capital of RMB760,000,000 and a valid operating period commencing from 31 March 2014.

(3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:

- (i) (驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) has obtained Shanghai Certificate of Real Estate Ownership of the property; and
- (ii) (驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Shanghai Certificate of Real Estate Ownership	Yes
Business License	Yes

(5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate ("ADR"): 2020/2021 – RMB720

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB724 and RMB704 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 4.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 40%, stabilized at 65%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 54.2% and 48.2% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
7	The Westin Beijing Chaoyang, No. 7 North Dongsanhuan Road, Chaoyang District, Beijing, the PRC 中國 北京市 朝陽區 東三環北路7號 金茂北京威斯汀大飯店	<p>The property comprises a 34 storey hotel consisting of 550 guest rooms and suites with modern furnishings developed on a parcel of land with site area of 24,195.00 sq.m.</p> <p>It also comprises underground car parking spaces, Chinese and western restaurants, bars, an indoor swimming pool, gym, spa and small retail units.</p> <p>The property has a total gross floor area of approximately 77,944.73 sq.m.</p> <p>The immediate locality of the property is an urban area and central business district in Beijing where are predominated by high end office developments with commercial, residential and communal facilities.</p> <p>As advised by the Group, the land use rights of the property is held for a term due to expire on 12 December 2041 for hotel use.</p>	<p>The property is operated as a 5-star hotel under the name “The Westin Beijing Chaoyang” and is subject to a management agreement with Westin Hotel Management L.P. for an initial term from 7 March 2006 to 31 December 2023.</p>	<p>RMB2,330,000,000 (RENMINBI TWO BILLION THREE HUNDRED THIRTY MILLION) (100% interest attributable to the Group: RMB2,330,000,000)</p>

Notes:

- (1) According to Real Estate Title Certificate No. (2018) 0132590 dated 21 December 2018, the land use rights with a total site area of approximately 24,195.00 sq.m. and building ownership of the property having a gross floor area of approximately 77,944.73 sq.m. has been vested in 金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) for hotel use.

金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) is a wholly owned subsidiary of the Company.
- (2) According to the latest Business License dated 16 March 2018, 金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) has been established as a limited company with a registered capital of RMB1,600,000,000 and an operating period from 25 June 2007 to 24 June 2037.
- (3) We have been provided with a legal opinion issued by the Company’s PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
 - (i) 金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) has obtained Real Estate Title Certificate of the property; and
 - (ii) 金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.

- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Real Estate Title Certificate	Yes
Business License	Yes

- (5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate (“ADR”): 2020/2021 – RMB1,250

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,218 and RMB1,123 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 5.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel’s historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 43%, stabilized at 75%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 82.4% and 85.0% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
8	Renaissance Beijing Wangfujing Hotel, No. 57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號金茂北京王府井萬麗酒店	The property is erected on a parcel of land with site area of approximately 9,857.90 sq.m. and comprises two buildings erected thereon, one is medium rise building known as Renaissance Beijing Wangfujing Hotel and the other is a single storey old style Chinese building. As advised by the Group, the hotel was originally completed in 1995 and suspended operations in 2011 for further renovation. The renovation of the hotel was completed in 2014. The hotel has a total gross floor area of approximately 43,351.65 sq.m. and 329 guest rooms. The immediate locality of the property is an urban area and central business district in Beijing where are predominated by high end office developments with commercial, residential and communal facilities. The property is held with land use rights for hotel use (commercial and underground commercial) and other commercial use (underground car parking) with terms due to expire on 22 September 2046 for commercial and underground commercial use and 22 September 2056 for underground car parking use.	The hotel is operated as a 5-star hotel under the name “Renaissance Beijing Wangfujing Hotel” and is subject to a management agreement with Luxury Hotels (China) International Management of Hong Kong Limited for an initial term of 26 years from the date of agreement of 25 June 2013.	RMB1,270,000,000 (RENMINBI ONE BILLION TWO HUNDRED SEVENTY MILLION) (100% interest attributable to the Group: RMB1,270,000,000)

Notes:

- (1) According to 3 Real Estate Title Certificates, the land use rights and building ownership rights of the property having a total site area of approximately 9,857.90 sq.m. have been vested in 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for terms due to expire on 22 September 2046 for commercial use and due to expire on 22 September 2056 for underground car parking respectively with details as follows.

Certificate No.	Description	Gross floor area (sq.m.)
(2018) 0025188	Basement 1 and 2 of the hotel building	11,234.91
(2018) 0025185	The hotel building	32,116.74
Total		43,351.65

王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 8 August 2018, 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has been established as a limited company with a registered capital of USD73,345,589 and an operating period from 30 May 2003 to 29 May 2023.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has obtained Real Estate Title Certificates of the property; and
- (ii) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Real Estate Title Certificate	Yes
Business License	Yes

- (5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate ("ADR"): 2020/2021 – RMB1,100

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB968 and RMB1,081 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 5.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 41%, stabilized at 70%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 88.6% and 87.6% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
9	JW Marriott Hotel Shenzhen, No. 6005, Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, the PRC 中國 廣東省 深圳市 福田區 深南大道6005號 金茂深圳JW萬豪酒店	The property comprises a 27-storey hotel consisting of 411 guest rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, gyms, spas and other facilities. The property was completed in 2004 and operated since March 2009. According to the two Completion and Acceptance Certificates for Construction Works described in Note (3), the property has a total gross floor area of approximately 51,738.96 sq.m. of which approximately 42,032.27 sq.m. is above ground and approximately 9,706.69 sq.m. is underground. Approximately 2,452 sq.m. of the underground area has been designated as civil air defense property. The immediate locality of the property is an urban area and central business district in Shenzhen where are predominated by high end office developments with commercial, residential and communal facilities. The property is held with land use rights for a term of 50 years from 21 January 1997 to 20 January 2047 for apartment, hotel, retail and office uses.	The property is operated as a 5-star hotel under the name “JW Marriott Hotel Shenzhen” and is subject to a management agreement dated 21 March 2009 with Marriott Management (Shanghai) Co., Ltd. for an initial term of 30 years after the formal opening of the hotel; and an automatic renewal term of 10 years unless notice is given by either party to terminate the agreement eleven months before the end of the initial term.	RMB1,770,000,000 (RENMINBI ONE BILLION SEVEN HUNDRED SEVENTY MILLION) (100% interest attributable to the Group: RMB1,770,000,000)

Notes:

- (1) According to 29 Real Estate Title Certificates issued by 深圳市國土資源和房產管理局 (Shenzhen Land Resources And Real Estate Administrative Bureau) on 8 July 2009 and 10 July 2009, the land use rights of the property having a total gross floor area of approximately 42,874.58 sq.m. have been vested in 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) for a term due to expire on 20 January 2047 for apartment, hotel, retail and office uses with details as follows:

No.	Certificate Nos.	Name Use	Use	Gross Floor Area (sq.m.)
1	3000567882	Dongqi Building 1001	Apartment	1,405.93
2	3000567885	Dongqi Building 1101	Apartment	1,405.93
3	3000567886	Dongqi Building 1201	Apartment	1,416.05

No.	Certificate Nos.	Name Use	Use	Gross Floor Area (sq.m.)
4	3000567887	Dongqi Building 1301	Apartment	1,416.05
5	3000568414	Dongqi Building 1401	Apartment	1,416.05
6	3000568410	Dongqi Building 1501	Apartment	1,416.05
7	3000568411	Dongqi Building 1601	Apartment	1,416.05
8	3000567874	Dongqi Building 1701	Apartment	1,416.05
9	3000567877	Dongqi Building 1801	Hotel	1,381.34
10	3000568409	Dongqi Building 1901	Hotel	1,359.50
11	3000567775	Dongqi Building 2001	Hotel	1,476.39
12	3000567876	Dongqi Building 2101	Hotel	1,476.39
13	3000567875	Dongqi Building 2201	Hotel	1,476.39
14	3000567774	Dongqi Building 2301	Hotel	1,476.39
15	3000567773	Dongqi Building 2401	Hotel	1,476.39
16	3000567889	Dongqi Building 2501	Hotel	1,476.39
17	3000567808	Dongqi Building 2601	Hotel	1,467.15
18	3000567772	Dongqi Building 2701	Hotel	1,371.66
19	3000567782	Dongqi Building 101	Retail	1,373.11
20	3000567781	Dongqi Building 201	Retail	2,050.42
21	3000567780	Dongqi Building 301	Retail	2,451.74
22	3000567778	Dongqi Building 401	Retail	1,614.48
23	3000567777	Dongqi Building 501	Office	1,396.17
24	3000567776	Dongqi Building 601	Office	1,396.17
25	3000567878	Dongqi Building 701	Office	1,396.17
26	3000567880	Dongqi Building 801	Apartment	1,405.93
27	3000567881	Dongqi Building 901	Apartment	1,405.93
28	3000568413	Dongqi Building B1	Restaurant/Storage/ Laundry/Management	1,238.00
29	3000567771	Dongqi Building B2	Restaurant/Storage/ Laundry/Management	1,400.31
Total:				42,874.58

According to the Supplementary Agreement of the Grant Contract of Land Use Rights (1997) A001 dated 31 December 2003, the land use rights of the property will be automatically extended for a further term of 20 years without paying of land premium.

In the course of our valuation, we have assumed that this extension of land use rights is permitted.

金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to Planning Permit for Construction Works No. (2005) 019 issued by 深圳市規劃局 (Shenzhen Planning Bureau) on 5 April 2005, the construction works of a portion of the expansion project to the property with aboveground gross floor area of approximately 1,796 sq.m. for hotel use and underground gross floor area of approximately 427.8 sq.m. for underground car park space is in compliance with the construction requirements and has been approved.
- (3) According to Completion and Acceptance Certificate for Construction Works No. (2004) 013 issued by 深圳市規劃局 (Shenzhen Planning Bureau) on 19 August 2004, the portion of the property with gross floor area of 49,506.21 sq.m. has been completed and accepted.

According to Completion and Acceptance Certificate for Construction Works No. ZS-2010-0036 dated 24 August 2010, a portion of the property with gross floor area of 2,232.75 sq.m. has been completed and accepted.

- (4) According to the latest Business License dated 7 November 2018, 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has been established as a limited company with an operating period commencing from 2 June 1993.

(5) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:

- (i) 金茂深圳酒店投资有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has obtained Real Estate Title Certificates of the property;
- (ii) 金茂深圳酒店投资有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the portion of the property with Real Estate Title Certificates, and
- (iii) The covenant in the Supplementary Agreement of the Grant Contract of Land Use Rights that the land use rights of the property will be automatically extended for a further term of 20 years without paying of land premium may not be supported by legislation sufficiently. If this renewal of land use term is not agreed of by the Land Administrative Department of Shenzhen, 金茂深圳酒店投资有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) may not have legal remedies to enforce this renewal.

(6) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Real Estate Title Certificate	Yes
Planning Permit for Construction Works	Yes
Completion and Acceptance Certificate for Construction Works	Yes
Business License	Yes

(7) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate ("ADR"): 2020/2021 – RMB1,060

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,096 and RMB1,050 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 5.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 45%, stabilized at 70%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 84.7% and 87.9% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
10	The Ritz-Carlton, Sanya, Yalong Bay, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國 海南省 三亞市 亞龍灣國家旅遊 度假區 金茂三亞麗思卡爾 頓酒店	<p>The property is erected on a parcel of land with a total site area of approximately 153,375.25 sq.m.</p> <p>The property comprises 455 rooms, including 396 guest rooms, 21 suites and 33 private villas, 6 banquet rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, spas and a gift shop located in main lobby.</p> <p>The property was completed in 2008 and operated since October 2008.</p> <p>The property has a total gross floor area of approximately 83,772.12 sq.m. Approximately 2,269 sq.m. of the underground area has been designated as civil defense property.</p> <p>The immediate locality of the property is a national resort district in Sanya where are predominated by high end hotel developments with commercial and communal facilities.</p> <p>The property is held with land use rights for a term due to expire on 22 January 2048 for commercial use.</p>	<p>The property is operated as a 5-star hotel under the name "The Ritz-Carlton" and is subject to a management agreement dated 26 March 2006 with The Ritz-Carlton International Management Company B.V. for an initial term of 30 years after the formal opening of the hotel; and an renewal term of 10 years if notice is given by both parties to renew the agreement 240 days before the deadline.</p>	<p>RMB2,690,000,000</p> <p>(RENMINBI TWO BILLION SIX HUNDRED NINETY MILLION)</p> <p>(100% interest attributable to the Group: RMB2,690,000,000)</p>

Notes:

- (1) According to 39 Real Estate Title Certificates issued by Hainan Real Estate Administrative Bureau, the land use rights of the property having a site area of approximately 153,375.25 sq.m. for commercial use and building ownership of the property having a gross floor area 83,772.12 sq.m. for tourism use have been vested in 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 22 January 2048.

Certificate No.	Date of Issue	Block No. or Location	Site Area (sq.m.)	Gross Floor Area (sq.m.)
(2009) 02006	17-Mar-09	No. 8011 Villa	506.6	133.33
(2009) 02007	17-Mar-09	No. 8016 Villa	501.54	133.33
(2009) 02008	17-Mar-09	No. 8017 Villa	498.97	133.33
(2009) 02009	17-Mar-09	No. 8019 Villa	500.91	133.33
(2009) 02011	17-Mar-09	No. 8018 Villa	502.97	133.33
(2009) 02012	18-Mar-09	No. 8020 Villa	503.36	133.33

Certificate No.	Date of Issue	Block No. or Location	Site Area (sq.m.)	Gross Floor Area (sq.m.)
(2009) 02013	18-Mar-09	No. 8021 Villa	502.08	133.33
(2009) 02014	18-Mar-09	No. 8022 Villa	503.54	133.33
(2009) 02015	18-Mar-09	District C	27,649.94	17,376.28
(2009) 02016	18-Mar-09	Barbeque Bar	1,775.06	865.62
(2009) 02017	18-Mar-09	Wedding Hall	347.3	150.56
(2009) 02018	18-Mar-09	No. 8033 Villa	504.79	133.33
(2009) 02019	18-Mar-09	No. 8032 Villa	500.89	133.33
(2009) 02020	18-Mar-09	No. 8031 Villa	502.78	133.33
(2009) 02021	17-Mar-09	No. 8036 Villa	502.89	133.33
(2009) 02022	17-Mar-09	No. 8009 Villa	507.65	133.33
(2009) 02023	17-Mar-09	No. 8012 Villa	937.6	266.09
(2009) 02024	17-Mar-09	No. 8013 Villa	941.53	266.09
(2009) 02025	17-Mar-09	No. 8015 Villa	496.85	133.33
(2009) 02026	17-Mar-09	No. 8003 Villa	502.77	133.33
(2009) 02027	18-Mar-09	No. 8005 Villa	508.26	133.33
(2009) 02028	18-Mar-09	No. 8002 Villa	945.8	266.09
(2009) 02029	18-Mar-09	No. 8001 Villa	944.7	266.09
(2009) 02030	18-Mar-09	No. 8888 Villa	1,448.20	404.24
(2009) 02031	18-Mar-09	No. 8026 Villa	496.83	133.33
(2009) 02040	17-Mar-09	No. 8027 Villa	500.53	133.33
(2009) 02041	17-Mar-09	No. 8028 Villa	499.96	133.33
(2009) 02042	17-Mar-09	No. 8029 Villa	501.89	133.33
(2009) 02043	17-Mar-09	No. 8023 Villa	500.95	133.33
(2009) 02044	17-Mar-09	No. 8025 Villa	504.15	133.33
(2009) 02045	17-Mar-09	No. 8030 Villa	502.7	133.33
(2009) 02046	17-Mar-09	No. 8035 Villa	500.95	133.33
(2009) 02047	17-Mar-09	No. 8008 Villa	502.04	133.33
(2009) 02048	17-Mar-09	No. 8010 Villa	502.63	133.33
(2009) 02049	17-Mar-09	No. 8006 Villa	503.94	133.33
(2009) 02050	17-Mar-09	No. 8007 Villa	510.03	133.33
(2009) 03770	14-May-09	District AB	46,337.60	29,109.90
(2009) 03814	14-May-09	District SPA	8,935.09	4,546.09
(2009) 02005	17-Mar-09	District D	49,038.98	26,521.83
		Total:	153,375.25	83,772.12

According to Real Estate Title Certificate No. (2008) 10235 dated 9 December 2008, the land use rights of a portion of the property having a site area of approximately 1,527.92 sq.m. have been vested in 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 19 October 2062 for commercial use.

金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 9 April 2019, 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has been established as a limited company with a registered capital of RMB500,000,000 and an operating period from 23 March 2004 to 22 March 2034.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
 - (i) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has obtained Real Estate Title Certificates of the property; and
 - (ii) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.

- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows:

Real Estate Title Certificate	Yes
Business License	Yes

- (5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate (“ADR”): 2020/2021 – RMB1,975

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB2,146 and RMB1,748 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 5.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel’s historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 50%, stabilized at 70%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 62.4% and 68.4% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
11	Hilton Sanya Yalong Bay Resort and Spa, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國 海南省 三亞市 亞龍灣國家旅遊度假區 金茂三亞希爾頓酒店	<p>The property is erected on a parcel of land with a total site area of approximately 108,610.37 sq.m.</p> <p>The property comprises 10 blocks of 3-7 storey hotels consisting of 501 guest rooms, 13 banquet rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, spas and a gift shop located in main lobby.</p> <p>The property was completed in 2005 and operated since April 2006.</p> <p>The property has a total gross floor area of approximately 75,207.93 sq.m. of which approximately 22,467.60 sq.m. is underground. Approximately 1,827 sq.m. of the underground area has been designated as civil defense property.</p> <p>The immediate locality of the property is a national resort district in Sanya where are predominated by high end hotel developments with commercial and communal facilities.</p> <p>The property is held with land use rights for a term due to expire on 19 October 2062 for commercial use.</p>	<p>The property is operated as a 5-star hotel under the name “Hilton Sanya Resort and Spa” and is subject to a management agreement dated 20 June 2007 with Hilton International Co. for an initial term of 10 years after the formal opening of the hotel; and an automatic renewal term of 10 years unless notice is given by either party to terminate the agreement.</p>	<p>RMB2,380,000,000</p> <p>(RENMINBI TWO BILLION THREE HUNDRED EIGHTY MILLION)</p> <p>(100% interest attributable to the Group: RMB2,380,000,000)</p>

Notes:

- (1) According to Real Estate Title Certificate No. (2008) 0396 issued by Sanya Municipal Government on 23 January 2008, the land use rights of the property having a site area of approximately 108,610.37 sq.m. and building ownership of the property having a gross floor area 75,207.93 sq.m. have been vested in 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) for a term due to expire on 19 October 2062 commercial use.

金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 11 June 2018, 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has been established as a limited company with a registered capital of RMB300,000,000 and an operating period from 29 August 2003 to 28 August 2033.

(3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:

- (i) 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has obtained Real Estate Title Certificate of the property; and
- (ii) 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.

(4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

Real Estate Title Certificate	Yes
Business License	Yes

(5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate ("ADR"): 2020/2021 – RMB1,160

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,108 and RMB982 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 4.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 50%, stabilized at 70%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 89.6% and 86.1% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
12 Lijiang Jinmao Hotels situated at No. 8 Xiangjiang Road and Ganhaizi, Yulong Snow Mountain Lijiang, Yunnan Province, the PRC. 中國 雲南省 麗江市 香江路8號及 玉龍雪山甘海子 麗江金茂酒店	<p>The property consists of two hotel developments known as Grand Hyatt Lijiang.</p> <p>One development known as Grand Hyatt Lijiang in the urban area is erected on a parcel of land to the north of Xiangjiang Road with a total site area of approximately 79,857.90 sq.m.</p> <p>The other development known as Grand Hyatt Lijiang in the scenic area is erected on two parcels of land with a total site area of approximately 49,724.23 sq.m. located beside Ganhaizi, Yulong Snow Mountain.</p> <p>Grand Hyatt Lijiang in the urban area was completed in 2014 and provided 311 guest rooms. Grand Hyatt Lijiang in the scenic area was completed in 2015 and provides 90 guest rooms.</p> <p>The property has a total gross floor area of approximately 85,151.45 sq.m.</p> <p>The immediate locality of the property is an urban and tourism district in Lijiang where are predominated by hotel developments with commercial and communal facilities.</p> <p>The property is held with land use rights for commercial use. For details of land use term, please see note (1).</p>	<p>Grand Hyatt Lijiang in the urban area is operated as a 5-star hotel under the name “Grand Hyatt Lijiang” and is subject to a management agreement with Hyatt International Hotel Management (Beijing) Co., Ltd. for an initial term of 20 years from the date of formal opening of the hotel.</p>	<p>RMB1,200,000,000</p> <p>(RENMINBI ONE BILLION TWO HUNDRED MILLION)</p> <p>(100% interest attributable to the Group: RMB1,200,000,000)</p>

Notes:

- (1) According to three Real Estate Title Certificates, the land use rights of the property have been vested in 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) with details as follows:

Certificate No.	Address in Lijiang	Land Use	Expiry Date of Land Use Term	Site Area (sq.m.)	Gross Floor Area (sq.m.)
(2017) 0004078	Xiangjiang Road North, Shu He Ancient Town	Commercial	20 April 2048	79,857.90	58,781.75
(2018) 0002336	Ganhaizi, Yu Long Snow Mountain	Hotel and Catering	30 December 2040	11,427.70	3,096.05

Certificate No.	Address in Lijiang	Land Use	Expiry Date of Land Use Term	Site Area (sq.m.)	Gross Floor Area (sq.m.)
(2018) 0002337	Ganhaizi, Yu Long Snow Mountain	Hotel and Catering	25 January 2053	38,296.53	23,273.65
Total:				<u>129,582.13</u>	<u>85,151.45</u>

金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) is a wholly owned subsidiary of the Company.

- (2) According to the latest Business License dated 21 April 2020, 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has been established as a limited company with a registered capital of RMB100,000,000 and a valid operation period from 12 March 2008.
- (3) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has obtained Real Estate Title Certificates of the property; and
- (ii) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property.
- (4) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.
- | | |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business License | Yes |

- (5) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate ("ADR"): 2020/2021 – RMB830

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB723 and RMB712 in the financial years of 2018 and 2019 respectively. In determining the ADR in 2020/2021, we have adopted the average daily room rates in year 2018 and 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 5.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel's historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 45%, stabilized at 70%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rates of the subject hotel for the financial years of 2018 and 2019 were 48.4% and 55.8% respectively and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.

VALUATION REPORT

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 June 2020
13	Jinmao Hotels Xian Central, No. 119 Zhubashi, Beilin District, Xian, Shaanxi Province, the PRC 中國陝西省西安市 碑林區 竹笆市119號 金茂西安鼓樓酒店	The property comprises a 11-storey building with a basement. Completed in 2007, the property has a total gross floor area of approximately 12,997.95 sq.m. consisting of 160 guest rooms. The immediate locality of the property is an urban in Xian where are predominated by hotel developments with commercial, residential and communal facilities. The property is held with land use rights with a term due to expire on 31 October 2066 for residential use.	The property is operated as a hotel under the name Jinmao Hotels Xian Central.	RMB180,000,000 (RENMINBI ONE HUNDRED EIGHTY MILLION) (66.67% interest attributable to the Group: RMB120,006,000)

Notes:

- (1) According to 5 State-owned Land Use Rights Certificates Nos. (2007) 392, (2007) 393, (2007) 394, (2007) 395 and (2007) 1080, the land use rights of the property have been vested in 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) with a respective site area of 1,396.80 sq.m. and a term due to expire on 31 October 2066 for residential use.
- 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) is a subsidiary of an associate of the Company.
- (2) According to 139 Building Ownership Certificates, the building ownership of the property have been vested in 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) with a total gross floor area of 12,997.95 sq.m.
- (3) According to Business License No. 91610103750244020D dated 2 April 2019, 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) has been established as a limited company with a registered capital of RMB45,000,000 and a valid operation period from 12 January 2004 to 11 January 2034.
- (4) We have been provided with a legal opinion issued by the Company's PRC legal advisor dated 1 July 2020, which contains, inter alia, the following information:
- (i) 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) has obtained State-owned Land Use Rights Certificates and Building Ownership Certificates of the property; and
- (ii) 陝西鼓樓大酒店有限公司 (Shaanxi Gulou Hotel Company Limited) has the rights to occupy, use, lease, mortgage and transfer the land use rights and building ownership of the property provided with the consent of the existing mortgagor.
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided by the Group are as follows.

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business License	Yes

- (6) We have assumed an investment holding period of 10 years in the DCF valuation and the other key assumptions used are summarized as follows.

- (i) Average daily room rate (“ADR”): 2020/2021 – RMB340

In reaching this assumption, the average daily room rate of the subject hotel for the past financial year was taken into consideration because the subject hotel was acquired in 2019. The average daily room rate achieved by the hotel was RMB392 in the financial year of 2019. In determining the ADR in 2020/2021, we have adopted the average daily room rate in year 2019 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the relevant market.

- (ii) Annual growth in ADR: stabilized at 4.0%.

Assumptions regarding annual growth rate in ADR were based upon the subject hotel’s historical growth and performance. Considering general inflation and based on sustained industry growth of the past few years, it is believed that the hotel will continue to follow historical trends and will generate additional revenue in the future, assuming no policy changes or unforeseen events impacting the economy of the locality of the subject hotel will occur.

- (iii) Occupancy rate: 2020/2021 – 35%, stabilized at 60%.

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to the average occupancy rate of the subject hotel for the financial year of 2019 was 40.2% and industry statistics in the relevant market.

- (iv) Discount rate: 7.0%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 2-year Hong Kong Exchange Fund Notes (1.52%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

- (v) Terminal capitalization rate: 3.5%.

For the purpose of the valuation, the subject hotel is assumed to be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and on a terminal capitalization rate for the remaining land use term. In adopting the terminal capitalization rate to arrive at the terminal value of the subject hotel, we have had due regard, among other things, to (i) discount rate we have adopted, our forecast change in average revenue per room over the assumed 10-year investment holding period, and (ii) the duration of the remaining land use term of the land on which the subject hotel is located.