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**Kunpeng Asia Limited**

*(A company incorporated in Hong Kong with limited liability)*



**Zhejiang New Century Hotel Management Co., Ltd.**  
浙江開元酒店管理股份有限公司

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 1158)**

**JOINT ANNOUNCEMENT**

**PRE-CONDITIONAL VOLUNTARY CONDITIONAL OFFER BY UBS  
ON BEHALF OF THE OFFEROR  
FOR ALL THE ISSUED H SHARES IN  
ZHEJIANG NEW CENTURY HOTEL MANAGEMENT CO., LTD.  
(OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND THE OFFEROR CONCERT PARTIES WHO HAVE UNDERTAKEN NOT TO  
ACCEPT THE H SHARE OFFER)**

**PRE-CONDITIONAL VOLUNTARY CONDITIONAL OFFER BY THE OFFEROR  
FOR ALL THE ISSUED DOMESTIC SHARES IN  
ZHEJIANG NEW CENTURY HOTEL MANAGEMENT CO., LTD.  
(OTHER THAN THOSE ALREADY OWNED, CONTROLLED OR AGREED TO BE  
ACQUIRED BY THE OFFEROR  
AND THE OFFEROR CONCERT PARTIES WHO HAVE UNDERTAKEN NOT TO  
ACCEPT THE DOMESTIC SHARE OFFER)**

**SPECIAL DEAL RELATING TO THE SHAREHOLDERS ARRANGEMENT**

**PROPOSED WITHDRAWAL OF LISTING OF THE H SHARES OF  
ZHEJIANG NEW CENTURY HOTEL MANAGEMENT CO., LTD.**

**RESUMPTION OF TRADING IN H SHARES OF  
ZHEJIANG NEW CENTURY HOTEL MANAGEMENT CO., LTD.**

**Financial Adviser to the Offeror**



## 1. INTRODUCTION

On 18 January 2021 (after trading hours), the Board received a letter from the Offeror that, subject to the satisfaction of the Pre-Condition, voluntary conditional offers will be made by the Offeror for the H Shares and the Domestic Shares other than those owned, controlled or agreed to be acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the Offers in accordance with the Takeovers Code which, if implemented, will result in the Delisting.

## 2. PRE-CONDITION TO THE OFFERS AND DELISTING

The making of the Offers and the proceeding with the Delisting are subject to the satisfaction of the Pre-Condition that, with respect to anti-trust review of the transactions contemplated under the Offers and the Delisting in the PRC under the Anti-Monopoly Law of the PRC, the approval from SAMR having been obtained without any conditions being imposed pursuant to the Anti-Monopoly Law of the PRC or no objection having been raised by SAMR pursuant to the statutory clearance period under the Anti-Monopoly Law of the PRC. The Pre-Condition cannot be waived in any event.

Pursuant to the Anti-Monopoly Law of the PRC, the statutory clearance period will last 30 days after SAMR's official acceptance of the relevant filing, and another 90 days if SAMR decides to take further review on the relevant filing. In addition, the review period could be extended for another 60 days by SAMR's written notice for extension. The Offeror will proceed to make the relevant filing as soon as reasonably practicable after the date of this joint announcement.

The Offeror and the Company will issue a further announcement as soon as practicable after the Pre-Condition has been satisfied. If the Pre-Condition is not satisfied on or before the Pre-Condition Long Stop Date, the Offers will not be made and the Delisting will not proceed, and the Shareholders will be notified by a further announcement as soon as practicable thereafter.

**WARNING: The Pre-Condition must be satisfied before the making of the Offers. The making of the Offers and proceeding with the Delisting are therefore a possibility only and all references to the Offers and the Delisting in this joint announcement are references to the possible Offers and the possible Delisting, which will be implemented if and only if the Pre-Condition is satisfied. Even if the Pre-Condition is satisfied and the Offers are made, the Offers are conditional upon the satisfaction (or, where applicable, waiver) of the conditions as described in this joint announcement in all aspects. Accordingly, the Offers may or may not become unconditional and the issue of this joint announcement does not imply that the Offers or the Delisting will be completed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

## 3. CONSIDERATION FOR THE OFFERS

The H Share Offer will be made by UBS on behalf of the Offeror on the following

basis:

**For each H Share .....HK\$18.15 in cash**

The Domestic Share Offer will be made by the Offeror on the following basis:

**For each Domestic Share ..... RMB15.180660 in cash\***

*\* equivalent of the H Share offer price in RMB based on an exchange rate of HK\$1 = RMB0.83640, being the exchange rate announced by the People's Bank of China on the date of this joint announcement.*

**The Offeror will not increase the consideration for the Offers as set out above and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the consideration for the Offers.**

As at the date of this joint announcement, other than the Shares, the Company does not have any other outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Domestic Shares, H Shares or Unlisted Foreign Shares and/or rights over the Domestic Shares, H Shares or Unlisted Foreign Shares in issue.

#### **4. CONDITIONS OF THE OFFERS**

The H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing by the Independent H Shareholders at the H Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing by the Independent H Shareholders at the EGM to be convened for this purpose of a resolution approving the Delisting, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;
- (c) minimum valid acceptances of the H Share Offer being received (and not,

where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;

- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any government or governmental or regulatory body or court or institution in relation to the Delisting and the Offers (including the implementation thereof) having been obtained, and remaining in full force and effect and not having been revoked or rescinded pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) all necessary third party consents in relation to the Delisting and the Offers, pursuant to any agreement to which the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Group taken as a whole, having been waived or obtained and remaining in full force and effect and not having been revoked or rescinded by the relevant party(ies);
- (f) no event having occurred which would have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Delisting or the Offers;
- (g) no event having occurred which would make the Delisting or the Offers void, unenforceable or illegal or which would restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Delisting or the Offers or any part thereof;
- (h) (i) the receipt of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Shareholders Arrangement is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent H Shareholders at the EGM to approve the Shareholders Arrangement under the Takeovers Code; and (iii) the consent from the Executive to the Shareholders Arrangement pursuant to Rule 25 of the Takeovers Code; and
- (i) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) and Rule 20.1 of the Takeovers Code.

The Offeror reserves the right to waive any of the conditions set out above (except for the conditions referred to in paragraphs (a), (b), (c), (d), (e), (h) and (i) above) in whole or in part. The Company does not have the right to waive any of the conditions set out above.

The Domestic Share Offer is subject to the H Share Offer becoming or being declared unconditional in all respects. This condition cannot be waived in any event.

## **5. SPECIAL DEAL IN RELATION TO THE SHAREHOLDERS ARRANGEMENT**

On 18 January 2021, the Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui, CTrip Hong Kong, the Offeror and the Company entered

into the Company Shareholders' Agreement in respect of the governance of the Company, which is intended to take full effect on the date that is 4 business days after the date that the H Share Offer becomes unconditional in all respects. The Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui, CTrip Hong Kong are Offeror Concert Parties by virtue of being parties to the Company Shareholders' Agreement.

As the Shareholders Arrangement is available only to the Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui and CTrip Hong Kong, and is not offered to all Shareholders, the Shareholders Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will make an application to the Executive for its consent to the Shareholders Arrangement, and such consent, if granted, will be conditional on (i) an opinion from the independent financial adviser to the Independent Board Committee confirming that the Shareholders Arrangement is fair and reasonable; and (ii) the passing of an ordinary resolution by the Independent H Shareholders at the EGM to approve the Shareholders Arrangement under the Takeovers Code.

## **6. NO RIGHT OF COMPULSORY ACQUISITION**

**The Offeror has no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after completion of the Offers depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.**

**Independent H Shareholders should also note that if they do not agree to the terms of the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the EGM. If the number of votes cast, by way of poll, against the Delisting at the H Share Class Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, or if the number of votes cast, by way of poll, against the Delisting at the EGM is more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Company would remain listed on the Stock Exchange.**

## **7. WITHDRAWAL OF LISTING OF THE H SHARES**

**Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.**

## **8. RESUMPTION OF TRADING IN THE H SHARES**

At the request of the Company, trading in the H Shares on the Stock Exchange has been halted from 9:00 a.m. on 19 January 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on 21 January 2021.

**The Offers are conditional upon the satisfaction (or, where applicable, waiver) of the conditions as described in this joint announcement in all aspects. Accordingly, the Offers may or may not become unconditional and the issue of this joint announcement does not imply that the Offers or the Delisting will be completed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

*Notice to the holders of H Shares in the United States*

*The H Share Offer is subject to Hong Kong disclosure and procedural requirements, including with respect to offer timetable, settlement procedures, timing of payments and withdrawal rights, which are different from those applicable to tender offers carried out in the United States. In the absence of a relevant exemption under the laws of the United States, the H Share Offer may not be available to persons who are in the United States. Even where an exemption is available, persons in the United States are urged, before accepting the H Share Offer, to consult their own professional advisers regarding the tax consequences of acceptance of the H Share Offer, whether in relation to United States federal income tax or taxes under applicable state and local tax laws, or foreign tax laws.*

*The financial information of the Company has been extracted from the audited financial statements of the Company for the three years ended 31 December 2019 and the unaudited financial statements of the Company for the six months ended 30 June 2020, which have been prepared in accordance with the International Financial Reporting Standards, which may not be wholly comparable to financial information of United States companies or companies whose financial statements are solely prepared in accordance with generally accepted accounting principles in the United States.*

*The Company is incorporated under the laws of the People's Republic of China. It may be difficult for holders of H Shares in the United States to enforce their rights and claims arising out of United States federal securities laws, since the Company is located in a country other than the United States, some or all of its officers and directors may be residents of a country other than the United States and the assets of the Company may be located outside the United States. Holders of H Shares in the United States may not be able to sue a non-United States company or its officers or directors in a non-United States court for violations of United States securities laws. It may be difficult for such holders of H Shares to effect service of process within the United States upon the Company or its officers or directors or to enforce against them any judgment of a United States court predicated upon the federal or state securities laws of the United States. In particular holders of H Shares in the United States should note that the Offeror reserves the right itself or through affiliates or nominees or its brokers acting as agents from time to time making purchases of, or arrangements to purchase H Shares outside of the United States whether in open market or by private transaction during the offer period of the H Share Offer other than pursuant to the H Share Offer to the extent permitted by and in accordance with the requirements of the Takeovers Code. Information about*

*such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and will be available on the website of the SFC at <http://www.sfc.hk/>.*

## 1. INTRODUCTION

On 18 January 2021 (after trading hours), the Board received a letter from the Offeror that, subject to the satisfaction of the Pre-Condition, voluntary conditional offers will be made by the Offeror for the H Shares and the Domestic Shares other than those owned, controlled or agreed to be acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the Offers in accordance with the Takeovers Code which, if implemented, will result in the Delisting.

## 2. PRE-CONDITION TO THE OFFERS AND THE DELISTING

The making of the Offers and the proceeding with the Delisting are subject to the satisfaction of the Pre-Condition that, with respect to anti-trust review of the transactions contemplated under the Offers and the Delisting in the PRC under the Anti-Monopoly Law of the PRC, the approval from SAMR having been obtained without any conditions being imposed pursuant to the Anti-Monopoly Law of the PRC or no objection having been raised by SAMR pursuant to the statutory clearance period under the Anti-Monopoly Law of the PRC. The Pre-Condition cannot be waived in any event.

Pursuant to the Anti-Monopoly Law of the PRC, the statutory clearance period will last 30 days after SAMR's official acceptance of the relevant filing, and another 90 days if SAMR decides to take further review on the relevant filing. In addition, the review period could be extended for another 60 days by SAMR's written notice for extension. The Offeror will proceed to make the relevant filing as soon as reasonably practicable after the date of this joint announcement.

The Offeror and the Company will issue a further announcement as soon as practicable after the Pre-Condition has been satisfied. If the Pre-Condition is not satisfied on or before the Pre-Condition Long Stop Date, the Offers will not be made and the Delisting will not proceed, and the Shareholders will be notified by a further announcement as soon as practicable thereafter.

**WARNING: The Pre-Condition must be satisfied before the making of the Offers. The making of the Offers and proceeding with the Delisting are therefore a possibility only and all references to the Offers and the Delisting in this joint announcement are references to the possible Offers and the possible Delisting, which will be implemented if and only if the Pre-Condition is satisfied. Even if the Pre-Condition is satisfied and the Offers are made, the Offers are conditional upon the satisfaction (or, where applicable, waiver) of the conditions as described in this joint announcement in all aspects. Accordingly, the Offers may or may not become unconditional and the issue of this joint announcement does not imply that the Offers or the Delisting will be completed. Accordingly, Shareholders and potential investors should exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

## 3. THE POSSIBLE H SHARE OFFER

### 3.1 Consideration for the H Share Offer

The H Share Offer will be made by UBS on behalf of the Offeror on the following basis:

**For each H Share ..... HK\$18.15 in cash**

**The Offeror will not increase the consideration for the H Share Offer as set out above and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the consideration for the H Share Offer.**

### **3.2 Comparisons of value**

The cash offer price offered under the H Share Offer represents:

- (1) a premium of approximately 10.0% over the offer price of HK\$16.50 per H Share for the global offering of the H Shares in March 2019;
- (2) a premium of approximately 24.7% over HK\$14.56 which is the closing price per H Share as quoted on the Stock Exchange on the Last Trading Date;
- (3) a premium of approximately 23.9% over HK\$14.64 which is the average closing price per H Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date;
- (4) a premium of approximately 20.8% over HK\$15.03 which is the average closing price per H Share as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (5) a premium of approximately 20.3% over HK\$15.08 which is the average closing price per H Share as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (6) a premium of approximately 27.7% over HK\$14.21 which is the average closing price per H Share as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (7) a premium of approximately 167.3% over RMB5.68 which is the audited consolidated net asset value of each Share as at 31 December 2019; and
- (8) a premium of approximately 203.7% over RMB5.00 which is the unaudited consolidated net asset value of each Share as at 30 June 2020.

### **3.3 Highest and lowest prices**

During the six-month period preceding the Last Trading Date, the highest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$16.00 which was recorded on 26 November 2020, and the lowest per share closing price of the H Shares as quoted on the Stock Exchange was HK\$13.02 which was recorded on 22 July 2020.

### **3.4 Settlement of consideration**

Settlement of the consideration in respect of acceptances received under the H Share Offer will be made as soon as possible but in any event within seven business days of the date of receipt of a complete and valid acceptance or of the date on which the H Share Offer becomes or is declared unconditional in all respects, whichever is the later.



### **3.5 Consideration and confirmation of financial resources**

Based on the cash offer price of HK\$18.15 per H Share and the total number of H Shares subject to the H Share Offer of 55,170,000 H Shares (representing the H Shares not already owned, controlled or agreed to be acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the H Share Offer), the total consideration of the H Share Offer (assuming the H Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately HK\$1,001,335,500.

The consideration payable under the H Share Offer was determined by the Offeror with reference to the prices of the H Shares traded on the Stock Exchange, the most recent published financial information of the Company and the Offeror's assessment of the Company's business, prospects and market position.

The Offeror intends to finance the cash requirement for the H Share Offer by cash investment by the Equity Investors Group. The Offeror has (i) a binding equity commitment letter from Sequoia Capital China Growth Fund VI, L.P., pursuant to which Sequoia Capital China Growth Fund VI, L.P. has committed to make one or more direct or indirect capital contributions in respect of Sequoia China's Committed Investment Amount (as defined below) in the form of cash to the Offeror for its use solely for the purpose of the Offers, and (ii) an irrevocable standby letter of credit issued by Silicon Valley Bank in favour of the Offeror in respect of Ocean Link's Committed Investment Amount (as defined below).

UBS has been appointed as the financial adviser to the Offeror in respect of the H Share Offer and is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the H Share Offer.

## **4. CONDITIONS OF THE H SHARE OFFER**

The H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing by the Independent H Shareholders at the H Share Class Meeting to be convened for this purpose of a resolution approving the Delisting, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders;
- (b) the passing by the Independent H Shareholders at the EGM to be convened for this purpose of a resolution approving the Delisting, provided that:
  - (i) approval is given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy; and
  - (ii) the number of votes cast, by way of poll, against the resolution is not more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders;

- (c) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date amounting to at least 90% of the H Shares held by the Independent H Shareholders;
- (d) all necessary authorisations, consents and approvals (including approval in-principle) of any government or governmental or regulatory body or court or institution in relation to the Delisting and the Offers (including the implementation thereof) having been obtained, and remaining in full force and effect and not having been revoked or rescinded pursuant to the provisions of any laws or regulations in Hong Kong, the PRC and other relevant jurisdictions;
- (e) all necessary third party consents in relation to the Delisting and the Offers, pursuant to any agreement to which the Company or any of its subsidiaries is a party, where any failure to obtain such consent would have a material adverse effect on the business of the Group taken as a whole, having been waived or obtained and remaining in full force and effect and not having been revoked or rescinded by the relevant party(ies);
- (f) no event having occurred which would have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Delisting or the Offers;
- (g) no event having occurred which would make the Delisting or the Offers void, unenforceable or illegal or which would restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Delisting or the Offers or any part thereof;
- (h) (i) the receipt of an opinion from the independent financial adviser to the Independent Board Committee confirming that the Shareholders Arrangement is fair and reasonable; (ii) the passing of an ordinary resolution by the Independent H Shareholders at the EGM to approve the Shareholders Arrangement under the Takeovers Code; and (iii) the consent from the Executive to the Shareholders Arrangement pursuant to Rule 25 of the Takeovers Code; and
- (i) the granting of the waiver by the Executive from the requirements under Rule 2.2(c) and Rule 20.1 of the Takeovers Code.

The Offeror reserves the right to waive any of the conditions set out above (except for the conditions referred to in paragraphs (a), (b), (c), (d), (e), (h) and (i) above) in whole or in part. The Company does not have the right to waive any of the conditions set out above. As at the date of this joint announcement, none of the conditions has been fulfilled.

In respect of the conditions referred to in paragraphs (d) and (e) above, after consulting its legal advisers, subject to the satisfaction of the Pre-Condition, the Offeror is not aware of any necessary authorisations, consents and approvals of any government or governmental or regulatory body or court or institution in relation to the Offers or the Delisting required at the date of this joint announcement, save as disclosed in paragraphs (h) and (i) above. In addition, the Board confirms that as at the date of this joint announcement, no third party consent in relation to the Offers or the Delisting is required pursuant to any agreement to which any member of the Group is a party.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the conditions set out above as a basis for not proceeding with the H Share Offer only if the circumstances which give rise to the right to invoke such condition are of material significance to the Offeror in the context of the H Share Offer. Except with the consent of the Executive, if any of those conditions is not satisfied within 21 days of the first Closing Date or the date the H Share Offer

becomes or is declared unconditional as to acceptances, whichever is later, the H Share Offer will lapse.

The latest time on which the Offeror can declare the H Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent). If the H Share Offer becomes or is declared unconditional in all respects, it should remain open for acceptance for at least 28 days, and the H Shareholders will be notified in writing as soon as possible in accordance with the Takeovers Code and the Listing Rules.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

## **5. THE POSSIBLE DOMESTIC SHARE OFFER**

### **5.1 Consideration for the Domestic Share Offer**

The Domestic Share Offer will be made by the Offeror on the following basis:

**For each Domestic Share ..... RMB15.180660 in cash\***

*\* equivalent of the H Share offer price in RMB based on an exchange rate of HK\$1 = RMB0.83640, being the exchange rate announced by the People's Bank of China on the date of this joint announcement.*

**The Offeror will not increase the consideration for the Domestic Share Offer as set out above and does not reserve the right to do so. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the consideration for the Domestic Share Offer.**

### **5.2 Consideration and confirmation of financial resources**

Based on the cash offer price of RMB15.180660 per Domestic Share and the total number of Domestic Shares subject to the Domestic Share Offer of 25,959,477 Domestic Shares (representing the Domestic Shares in respect of which the Offeror Concert Parties have undertaken to accept the Domestic Share Offer), the total consideration of the Domestic Share Offer (assuming the Domestic Share Offer is accepted in full and there are no changes in the share capital of the Company) is approximately RMB394,081,994.11.

The Offeror intends to finance the cash requirement for the Domestic Share Offer by cash investment by the Equity Investors Group. The Offeror has (i) a binding equity commitment letter from Sequoia Capital China Growth Fund VI, L.P., pursuant to which Sequoia Capital China Growth Fund VI, L.P. has committed to make one or more direct or indirect capital contributions in respect of Sequoia China's Committed Investment Amount (as defined below) in the form of cash to the Offeror for its use solely for the purpose of the Offers, and (ii) an irrevocable standby letter of credit issued by Silicon Valley Bank in favour of the Offeror in respect of Ocean Link's Committed Investment Amount (as defined below).

UBS is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptance of the Domestic Share Offer.

### **5.3 Condition of the Domestic Share Offer**

The Domestic Share Offer is subject to the H Share Offer becoming or being declared unconditional in all respects. This condition cannot be waived in any event.

As the Domestic Share Offer is only conditional upon the H Share Offer becoming or being declared unconditional, if the H Share Offer is declared unconditional, the Domestic Share Offer will likewise become unconditional in all respects. There will be no circumstances that either of the Offers becomes or is declared unconditional, with the other not becoming or being declared unconditional. As such, this will have the same effect as if the Offers were inter-conditional.

#### **5.4 Settlement of consideration**

As settlement of consideration under the Domestic Share Offer is subject to certain transfer and registration formalities and procedures imposed by China Securities Depository and Clearing Co., Ltd. and the State Administration of Foreign Exchange in the PRC, settlement of the consideration in respect of acceptances received under the Domestic Share Offer will be made by the Offeror as soon as reasonably practicable following completion of such transfer and registration formalities but it will not be able to be made within seven business days following the later of the date on which an offer becomes, or is declared, unconditional and the date of receipt of a duly completed acceptance as required under Rule 20.1 of the Takeovers Code. The Domestic Shareholders who have undertaken to accept the Domestic Share Offer, namely the Chen Group, Kairui Shiqi and Qianhe Qiju (who are all Offeror Concert Parties), have given the Chen Irrevocable Undertakings, the Kairui Shiqi Irrevocable Undertakings and the Qianhe Qiju Irrevocable Undertakings, respectively, pursuant to which each of them have agreed that the settlement of consideration under the Domestic Share Offer will be made within 15 business days after the date on which the relevant holder of Domestic Shares notifies the Offeror in writing of such holder's bank account details for the purposes of accepting the Domestic Share Offer. As such, the Offeror has applied to the Executive for, and the Executive is minded to grant, a waiver from strict compliance with Rule 20.1 of the Takeovers Code.

### **6. IRREVOCABLE UNDERTAKINGS**

#### *In respect of the H Shares*

As at the date of this joint announcement, there are 70,000,000 H Shares in issue. Ctrip.com (Hong Kong) Limited (“**CTrip Hong Kong**”), an Offeror Concert Party, holds 14,830,000 H Shares. GreenTree Hospitality Group Ltd. (“**GreenTree**”), an Independent H Shareholder, holds 13,870,000 H Shares. Details of the shareholding are set out in the section headed “8. Other information – 8.6 Shareholding structure of the Company”.

#### (i) CTrip Irrevocable Undertakings

On 18 January 2021 (after trading hours), CTrip Hong Kong entered into the CTrip Irrevocable Undertakings in favour of the Offeror, pursuant to which it has irrevocably agreed and undertaken to the Offeror that, among other things, (i) the H Share Offer does not have to be extended to it and even if it is extended to it, it will not accept the H Share Offer in respect of all the H Shares held by it; (ii) it will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the H Shares held by it or any interest therein until the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive; and (iii) it will support the Delisting, including to vote in favour of the delisting resolution in the H Share Class Meeting and the EGM (if permitted to do so by

the relevant regulators). The CTrip Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

(ii) GreenTree Irrevocable Undertakings

On 20 January 2021, GreenTree entered into the GreenTree Irrevocable Undertakings in favour of the Offeror, pursuant to which it has irrevocably agreed and undertaken to the Offeror that, among other things, (i) it will accept the H Share Offer in respect of all the H Shares held by it, being 13,870,000 H Shares; (ii) it will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the H Shares held by it or any interest therein until the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive; and (iii) it will support the Delisting, including to vote in favour of the delisting resolution in the H Share Class Meeting and the EGM (if permitted to do so by the relevant regulators). The GreenTree Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

*In respect of the Domestic Shares*

As at the date of this joint announcement, there are 159,659,640 Domestic Shares in issue. New Century Tourism, an Offeror Concert Party, holds 125,676,180 Domestic Shares. Kaihui Taiheng (an Offeror Concert Party), the general partner of which is Mr. Jin Wenjie (an executive Director), holds 13,437,900 Domestic Shares. Kairui Shiqi (an Offeror Concert Party), the general partner of which is Mr. Chen Miaoqiang (an executive Director), holds 7,223,580 Domestic Shares. Qianhe Qiju (an Offeror Concert Party), the general partner of which is Mr. Jin Wenjie (an executive Director), holds 9,655,590 Domestic Shares. Shanghai Ouling Bohui Investment Center (Limited Partnership) (上海鷗翎鉅卉投資中心(有限合夥)) (“**Ouling Bohui**”), an Offeror Concert Party, holds the remaining 3,666,390 Domestic Shares. Details of the shareholding are set out in the section headed “8. Other information – 8.6 Shareholding structure of the Company”.

(i) Chen Irrevocable Undertakings

On 18 January 2021 (after trading hours), New Century Tourism and its controlling shareholder Mr. Chen Miaolin entered into the Chen Irrevocable Undertakings in favour of the Offeror, pursuant to which each of them has irrevocably agreed and undertaken to the Offeror that, among other things, (i) New Century Tourism will not accept the Domestic Share Offer in respect of an aggregate of 116,595,873 Domestic Shares held by it; (ii) New Century Tourism will accept the Domestic Share Offer in respect of the remaining Domestic Shares held by it, being 9,080,307 Domestic Shares; (iii) each of New Century Tourism and Mr. Chen Miaolin will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Domestic Shares held by New Century Tourism or any interest therein until the earlier of the date of the lapse or withdrawal of the Offers or the completion date (i.e. the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive); and (iv) New Century Tourism will vote in favour of any resolution which is necessary to implement or otherwise relates to the Offers and the Delisting in the EGM (if permitted to do so by the relevant regulators). Under the Chen Irrevocable Undertakings, Mr. Chen Miaolin and New Century Tourism have agreed that the settlement of consideration under the Domestic Share Offer will be made within 15 business days after the date on which the relevant holder of Domestic Shares notifies the Offeror in writing of such holder’s bank account details for the purposes of accepting the Domestic Share Offer.

Under the Chen Irrevocable Undertakings, New Century Tourism has irrevocably granted to the Offeror (or its nominee) a right to purchase all of 37,598,923 Domestic Shares (representing approximately 13.43% of the Shares in issue as at the date of this joint announcement) held by New Century Tourism (the “**Call Option**”), upon the written request of the Offeror exercisable at any time from the date of Delisting until the date that is 12 months from the date of Delisting. The aggregate purchase price to be paid in consideration for the Domestic Shares under the Call Option following exercise of the Call Option shall be equivalent to the offer price under the Domestic Share Offer multiplied by the number of Domestic Shares under the Call Option. The aggregate purchase price for the Domestic Shares under the Call Option is not subject to any adjustment. Completion of the sale and purchase of the Domestic Shares under the Call Option pursuant to the exercise of the Call Option (the “**Call Option Completion**”) shall be conditional upon the obtaining of all relevant authorisations.

The Chen Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed, except for the provisions on the Call Option which shall continue to have full force and effect if the Offers have been closed, in which case such provisions shall terminate on (i) the date which is 12 months from the date of Delisting if the Call Option is not exercised, or (ii) the date of the Call Option Completion.

(ii) Kairui Shiqi Irrevocable Undertakings

On 18 January 2021 (after trading hours), Kairui Shiqi and its general partner Mr. Chen Miaoqiang entered into the Kairui Shiqi Irrevocable Undertakings in favour of the Offeror, pursuant to which each of them has irrevocably agreed and undertaken to the Offeror that, among other things, (i) Kairui Shiqi will accept the Domestic Share Offer in respect of all the Domestic Shares held by it; (ii) each of Kairui Shiqi and Mr. Chen Miaoqiang will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Domestic Shares held by Kairui Shiqi or any interest therein until the earlier of the date of the lapse or withdrawal of the Offers or the completion date (i.e. the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive); and (iii) Kairui Shiqi will vote in favour of any resolution which is necessary to implement or otherwise relates to the Offers and the Delisting in the EGM (if permitted to do so by the relevant regulators). Under the Kairui Shiqi Irrevocable Undertakings, Mr. Chen Miaoqiang and Kairui Shiqi have agreed that the settlement of consideration under the Domestic Share Offer will be made within 15 business days after the date on which the relevant holder of Domestic Shares notifies the Offeror in writing of such holder’s bank account details for the purposes of accepting the Domestic Share Offer. The Kairui Shiqi Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

(iii) Kaihui Taiheng Irrevocable Undertakings

On 18 January 2021 (after trading hours), Kaihui Taiheng and its general partner Mr. Jin Wenjie entered into the Kaihui Taiheng Irrevocable Undertakings in favour of the Offeror, pursuant to which each of them has irrevocably agreed and undertaken to the Offeror that, among other things, (i) the Domestic Share Offer does not have to be extended to Kaihui Taiheng and even if it is extended to it, Kaihui Taiheng will not accept the Domestic Share Offer in respect of all the Domestic Shares held by it; (ii) each of Kaihui Taiheng and Mr. Jin Wenjie will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Domestic Shares held by Kaihui Taiheng or any interest therein until the earlier of the date of the lapse or withdrawal of the Offers or the completion date (i.e. the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable

under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive); and (iii) Kaihui Taiheng will vote in favour of any resolution which is necessary to implement or otherwise relates to the Offers and the Delisting in the EGM (if permitted to do so by the relevant regulators). The Kaihui Taiheng Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

(iv) Qianhe Qiju Irrevocable Undertakings

On 18 January 2021 (after trading hours), Qianhe Qiju and its general partner Mr. Jin Wenjie entered into the Qianhe Qiju Irrevocable Undertakings in favour of the Offeror, pursuant to which each of them has irrevocably agreed and undertaken to the Offeror that, among other things, (i) Qianhe Qiju will accept the Domestic Share Offer in respect of all the Domestic Shares held by it; (ii) each of Qianhe Qiju and Mr. Jin Wenjie will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Domestic Shares held by Qianhe Qiju or any interest therein until the earlier of the date of the lapse or withdrawal of the Offers or the completion date (i.e. the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive); and (iii) Qianhe Qiju will vote in favour of any resolution which is necessary to implement or otherwise relates to the Offers and the Delisting in the EGM (if permitted to do so by the relevant regulators). Under the Qianhe Qiju Irrevocable Undertakings, Mr. Jin Wenjie and Qianhe Qiju have agreed that the settlement of consideration under the Domestic Share Offer will be made within 15 business days after the date on which the relevant holder of Domestic Shares notifies the Offeror in writing of such holder's bank account details for the purposes of accepting the Domestic Share Offer. The Qianhe Qiju Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

(v) Ouling Bohui Irrevocable Undertakings

On 18 January 2021 (after trading hours), Ouling Bohui entered into the Ouling Bohui Irrevocable Undertakings in favour of the Offeror, pursuant to which it has irrevocably agreed and undertaken to the Offeror that, among other things, (i) the Domestic Share Offer does not have to be extended to it and even if it is extended to it, it will not accept the Domestic Share Offer in respect of all the Domestic Shares held by it; (ii) it will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Domestic Shares held by it or any interest therein until the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive; and (iii) it will support the Delisting, including to vote in favour of the delisting resolution in the EGM (if permitted to do so by the relevant regulators). The Ouling Bohui Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

***In respect of the Unlisted Foreign Shares***

As at the date of this joint announcement, there are 50,340,360 Unlisted Foreign Shares in issue. NC Hotels Investment Holding Pte. Ltd. ("**NC Hotels Investment**"), an Offeror Concert Party, holds 40,482,540 Unlisted Foreign Shares. Ocean Century Hotels Limited ("**OC Hotels**"), an Offeror Concert Party, holds the remaining 9,857,820 Unlisted Foreign Shares. Details of the shareholding are set out in the section headed "8. Other information – 8.6 Shareholding structure of the Company".

On 18 January 2021 (after trading hours), each of NC Hotels Investment and OC Hotels entered into the Unlisted Foreign Shares Irrevocable Undertakings in favour of the Offeror, pursuant to which each of them has irrevocably agreed and undertaken to the Offeror that, among other things, (i) no offer has to be extended to it if a voluntary conditional offer is made by the Offeror or its nominee; (ii) even if such offer is extended to it, it will not accept such offer in respect of the Unlisted Foreign Shares held by it; (iii) it will not offer, sell, give, transfer, pledge, encumber, charge, grant any right over or otherwise dispose of or deal with any of the Unlisted Foreign Shares held by it or any interest therein until the later of (a) the date of completion of the Delisting and (b) the date that all consideration payable under the Offers is settled in full pursuant to the Takeovers Code or such other date as agreed with the Executive; and (iv) it will support the Delisting, including to vote in favour of the delisting resolution in the EGM (if permitted to do so by the relevant regulators). The Unlisted Foreign Shares Irrevocable Undertakings will terminate when the Offers are withdrawn, lapsed or closed.

Given that both holders of Unlisted Foreign Shares have given the Unlisted Foreign Shares Irrevocable Undertakings, no comparable offer will be made to holders of Unlisted Foreign Shares.

## **7. NO RIGHT OF COMPULSORY ACQUISITION**

**The Offeror has no rights under the laws of the PRC and the Articles of Association of the Company to compulsorily acquire the H Shares that are not tendered for acceptance pursuant to the H Share Offer. Accordingly, the Independent H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects, and the H Shares are delisted from the Stock Exchange, this will result in the Independent H Shareholders holding securities that are not listed on the Stock Exchange and the liquidity of the H Shares may be severely reduced. In addition, the Company will no longer be subject to the requirements under the Listing Rules and may or may not continue to be subject to the Takeovers Code after completion of the Offers depending on whether it remains as a public company in Hong Kong for the purposes of the Takeovers Code thereafter.**

**Independent H Shareholders should also note that if they do not agree to the terms of the Offers, they can vote against the Delisting at the H Share Class Meeting and/or the EGM. If the number of votes cast, by way of poll, against the Delisting at the H Share Class Meeting is more than 10% of the votes attaching to all the H Shares held by the Independent H Shareholders, or if the number of votes cast, by way of poll, against the Delisting at the EGM is more than 10% of the votes attaching to all the Shares held by the Independent H Shareholders, the Offers would not become unconditional and the Company would remain listed on the Stock Exchange.**

The Offeror has applied to the Executive for, and the Executive is minded to grant, a waiver from the requirements under Rule 2.2(c) of the Takeovers Code, which requires a resolution to approve a delisting to be made subject to the relevant offeror(s) being entitled to exercise, and exercising, its rights of compulsory acquisition.

## **8. OTHER INFORMATION**

### **8.1 Reasons for and benefits of the Offers**

#### **For H Shareholders**

The Offeror considers that the H Share Offer will provide an opportunity to H Shareholders to realise their investment in the Company at an attractive premium



over the prevailing price of the H Shares. The offer price of HK\$18.15 per H Share represents a premium of approximately 23.9% over the average closing price of approximately HK\$14.64 per H Share as quoted on the Stock Exchange for the five trading days up to and including the Last Trading Date.

The average daily trading volume of the H Shares for the 60 trading days up to and including the Last Trading Date was approximately 29,153 H Shares per day, representing only approximately 0.04% of the issued H Shares. The relatively low trading liquidity of the H Shares makes it difficult for H Shareholders to sell their shareholdings in large volume on the secondary market. The H Share Offer will provide an opportunity for H Shareholders to realise their investment in the Company without suffering any illiquidity discount.

### **For the Offeror and the Company**

As disclosed in the interim report of the Company for the six months ended 30 June 2020, the outbreak of the COVID-19 pandemic has caused significant decline in the occupancy rate and average daily rate across all classes of the Company's hotels. Given such uncertainties to the Group's prospects and future financial performance, investors may have different expectations and requirements with regards to return on investment of the Group, which may differ from the development plan of the Group in the long run. The Delisting, if completed, will provide the Company with flexibility to pursue certain strategic alternatives that it may not be practicable to pursue as a public company, including the ability to pursue business initiatives and improve operation performance without focusing on the short-term market reaction.

The Offeror also considers that the Delisting will give the Offeror more flexibility to support the future business development of the Group without being subject to regulatory restrictions and compliance obligations arising from the listing status of the H Shares on the Stock Exchange.

The Directors (other than members of the Independent Board Committee who will give their view after considering the advice of the independent financial adviser to be appointed) believe that the terms of the Offers are fair and reasonable and in the interests of the Shareholders as a whole.

## **8.2 Proposed change of Board composition**

As at the date of this joint announcement, the Board is currently made up of nine Directors, comprising two executive Directors, namely Mr. Jin Wenjie and Mr. Chen Miaoqiang; four non-executive Directors, namely Mr. Chen Canrong, Mr. Jiang Tianyi, Mr. Zhou Rong and Mr. Xie Bingwu; and three independent non-executive Directors, namely Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun.

Subject to the Delisting, it is expected that some Directors will resign from the Board, and new Directors will be nominated and appointed to the Board, and Mr. Zheng Nanyan will be appointed to be the Chairman of the Company in accordance with the Company Shareholders' Agreement.

Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and a further announcement will be made as and when appropriate.

## **8.3 Future plans for the Group**

The Offeror intends to continue with the existing business of the Group and does not intend to make any material changes to the current business operations of the Group following completion of the Offers. Save as disclosed in the sub-section headed “8.2 Proposed change of Board composition”, the Offeror does not intend to introduce any material changes in the management or employees of the Group as a result of the Offers.

#### **8.4 Information on the Offeror and other arrangements**

##### ***Offeror***

The Offeror is a company incorporated in Hong Kong with limited liability and set up for the implementation of the Offers. The Offeror is wholly-owned by BidCo (a company incorporated in the Cayman Islands with limited liability).

As at the date of this joint announcement, BidCo is wholly-owned by Ocean Link. Upon payment of the Committed Investment Amount by each of Sequoia China and Ocean Link, BidCo will be owned as to 68% and 32% by Sequoia China and Ocean Link, respectively. Please refer to the sub-section headed “Consortium Agreement - (a) Committed Investment Amount” below for details.

As at the date of this joint announcement, the Offeror does not hold any Shares.

##### ***Ocean Link***

Ocean Link is a wholly-owned subsidiary of a fund whose general partner is Ocean Link Partners II GP, L.P., whose general partner is Ocean Link Partners II GP Limited, in which each of Mr. Zheng Nanyan and Mr. Jiang Tianyi (a non-executive Director) indirectly owns 50% equity interest.

##### ***Sequoia China***

Sequoia China is a wholly-owned subsidiary of a fund whose general partner is SC China Growth VI Management, L.P., whose general partner is SC China Holding Limited. SC China Holding Limited is indirectly wholly-owned by Mr. Nanpeng Shen.

Save for the Independent H Shareholders who hold an aggregate of 52,820,000 H Shares (representing approximately 75.46% of the H Shares and approximately 18.86% of the Shares as at the date of this joint announcement), all of the Domestic Shares, the Unlisted Foreign Shares and the remaining H Shares are held by the Offeror Concert Parties (representing approximately 81.14% of the Shares as at the date of this joint announcement).

##### ***Consortium Agreement***

On 18 January 2021, Sequoia China, Ocean Link, the Offeror and BidCo entered into the Consortium Agreement for the purposes of, among other things: (i) governing their respective rights and liabilities in connection with the Offers; (ii) setting out the basis upon which the parties have agreed to conduct and implement the Offers in consultation with each other; and (iii) setting out the investment amounts to be contributed by each of Sequoia China and Ocean Link to BidCo in order to implement the Offers, and their corresponding shareholding in BidCo. A summary of the key terms of the Consortium Agreement is set out below:

(a) **Committed Investment Amount**

Each of Sequoia China and Ocean Link shall contribute the following investment amount (the “**Committed Investment Amount**”) to BidCo in order to implement the Offers:

<b>Investor</b>	<b>Committed Investment Amount</b>	<b>Percentage Shareholding in BidCo</b>
Sequoia China	HK\$1,030,750,000	68%
Ocean Link	HK\$480,500,000	32%
<b>Total</b>	<b>HK\$1,511,250,000</b>	<b>100%</b>

Out of Sequoia China’s Committed Investment Amount, (i) HK\$692,850,000 will be used to finance the H Share Offer, and is payable on or prior to the date that is 4 business days after the date that the H Share Offer becomes unconditional in all respects (the “**H Share Funding Date**”); and (ii) HK\$337,900,000 will be used to finance the Domestic Share Offer, and is payable on or prior to the date that is 10 business days after the date on which the first holder of Domestic Shares under the Domestic Share Offer notifies the Offeror in writing of such holder’s bank account details for the purposes of accepting the Domestic Share Offer (the “**Domestic Share Funding Date**”).

Out of Ocean Link’s Committed Investment Amount, (i) HK\$322,400,000 will be used to finance the H Share Offer, and is payable on or prior to the H Share Funding Date; and (ii) HK\$158,100,000 will be used to finance the Domestic Share Offer, and is payable on or prior to the Domestic Share Funding Date.

(b) **Termination**

The Consortium Agreement will be terminated if the Offers are withdrawn or lapse.

***BidCo Shareholders’ Agreement***

On 18 January 2021, Ocean Link, Sequoia China and BidCo entered into the BidCo Shareholders’ Agreement in respect of the governance of BidCo, which is intended to take full effect on the date that is 4 business days after the date that the H Share Offer becomes unconditional in all respects. A summary of the key terms of the BidCo Shareholders’ Agreement is set out below:

- (a) **Shareholding and voting rights.** Each share of BidCo shall carry one vote each.
- (b) **Board composition.** Each of Ocean Link and Sequoia China shall have the right to appoint directors on the board of BidCo. The board of BidCo shall be responsible for the overall direction and management of BidCo and its subsidiaries, subject to a limited number of reserved matters.

***Company Shareholders’ Agreement***

On 18 January 2021, Mr. Chen Miaolin, New Century Tourism, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui, CTrip Hong Kong, the Offeror and the Company entered into the Company Shareholders’ Agreement in respect of the governance of the Company, which is intended to take full effect on the date that is 4 business days after the date that the H Share Offer becomes unconditional in all

respects. A summary of the key terms of the Company Shareholders' Agreement is set out below:

- (a) **Voting rights.** Each Share shall carry one vote each.
- (b) **Board composition.** On and with effect from the date of Delisting and prior to the Call Option Completion, each of the Offeror and New Century Tourism shall have the right to appoint three Directors on the Board, and CTrip Hong Kong shall have the right to appoint one Director. Immediately following the Call Option Completion, each of the Offeror, New Century Tourism and CTrip Hong Kong shall have the right to appoint four Directors, two Directors and one Director, respectively. The Board shall be responsible for the overall direction and management of the Group, subject to a limited number of matters requiring shareholders' approval under applicable laws and regulations of the PRC.
- (c) **Share transfer restrictions.** Each of Mr. Chen Miaolin and New Century Tourism shall be subject to a 3-year lock-up in respect of transfers of Shares. The lock-up does not apply to any transfer of Shares pursuant to the Call Option and is subject to certain customary carve-outs.
- (d) **Right of first refusal, drag-along and tag-along.** The parties (other than the Company) shall have customary rights of first refusal, drag-along rights and tag-along rights. The rights of first refusal, drag-along rights and tag-along rights do not apply to any transfer of Shares pursuant to the Call Option.
- (e) **Pre-emption rights.** Each of the parties (other than the Company) shall have customary pre-emptive rights (on a pro rata basis based on its percentage ownership in the Company) with respect to the issuance of new equity securities by the Company, subject to customary exceptions.
- (f) **Non-compete undertakings from Mr. Chen Miaolin and New Century Tourism.** Each of Mr. Chen Miaolin and New Century Tourism jointly and severally undertakes to the other parties that for so long as they or any of their affiliates remains a Shareholder and for two (2) years after they or their affiliates cease to hold any Share, he or it will not, whether directly or indirectly, carry on, engage, invest, participate or otherwise be interested in any business that competes with the business of any member of the Group including but not limited to operating or managing hotels in the PRC (the "**Restricted Business**"), provided that Mr. Chen Miaolin, New Century Tourism and their affiliates taken together may hold passive investment interests of below 10% of the securities of a company conducting any Restricted Business.

The Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui and CTrip Hong Kong are Offeror Concert Parties by virtue of being parties to the Company Shareholders' Agreement. As the Shareholders Arrangement is available only to the Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui and CTrip Hong Kong, and is not offered to all Shareholders, the Shareholders Arrangement constitutes a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive under Rule 25 of the Takeovers Code. The Offeror will make an application to the Executive for its consent to the Shareholders Arrangement, and such consent, if granted, will be conditional on (i) an opinion from the independent financial adviser to the Independent Board

Committee confirming that the Shareholders Arrangement is fair and reasonable; and (ii) the passing of an ordinary resolution by the Independent H Shareholders at the EGM to approve the Shareholders Arrangement under the Takeovers Code.

## 8.5 Information on the Group

The Company is a joint stock limited company established under the laws of the PRC with limited liability whose H Shares have been listed on the Main Board of the Stock Exchange since 11 March 2019.

The Group is principally engaged in the operation and management of mid-scale to upscale hotel chains business. The Group operates its business through two segments: hotel operation segment and hotel management segment. Hotel operation segment is principally engaged in the operation of its own hotels and leased hotels. Hotel management segment is mainly engaged in hotel full service management business and franchise management business. The Group mainly conducts its business in the Chinese domestic market.

Selected financial information of the Group as extracted from the Company's audited consolidated financial statements for the three years ended 31 December 2019 prepared in accordance with the International Financial Reporting Standards is set out below:

	<b>For the year ended 31 December</b>		
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	1,664,643	1,797,968	1,927,980
Profit before tax	223,022	243,081	268,617
Profit attributable to owners of the Company	163,042	186,787	202,405

## 8.6 Shareholding structure of the Company

The shareholding structure of the Company as at the date of this joint announcement, immediately after completion of the Offers and immediately after the Call Option Completion is as follows, assuming that (i) the Offers are fully accepted, taking into account the undertakings given by the relevant Shareholders under the Irrevocable Undertakings; and (ii) the total issued share capital of the Company remains unchanged:

	As at the date of this joint announcement		Immediately after completion of the Offers (assuming the Offers are fully accepted and the total issued share capital of the Company remains unchanged)		Immediately after the Call Option Completion (assuming the Offers are fully accepted and the total issued share capital of the Company remains unchanged)	
	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares	Number of Shares	Approximate % of the total issued Shares
<b>Offeror and Offeror Concert Parties</b>	227,180,000 Shares	81.14%	280,000,000 Shares	100%	280,000,000 Shares	100%
- Offeror	-	-	81,129,477 Shares (consist of 25,959,477 Domestic Shares and 55,170,000 H Shares)	28.97%	118,728,400 Shares (consist of 63,558,400 Domestic Shares and 55,170,000 H Shares)	42.40%
- Ouling Bohui (Note 1)	3,666,390 Domestic Shares	1.31%	3,666,390 Domestic Shares	1.31%	3,666,390 Domestic Shares	1.31%
- Chen Group (Note 2)	125,676,180 Domestic Shares	44.88%	116,595,873 Domestic Shares	41.64%	78,996,950 Domestic Shares	28.21%
- Qianhe Qiju (Note 3)	9,655,590 Domestic Shares	3.45%	-	-	-	-
- Kairui Shiqi (Note 4)	7,223,580 Domestic Shares	2.58%	-	-	-	-
- Kaihui Taiheng (Note 5)	13,437,900 Domestic Shares	4.80%	13,437,900 Domestic Shares	4.80%	13,437,900 Domestic Shares	4.80%
- Tongcheng-Elong Holdings Ltd. (“Tongcheng-Elong”) (Note 6)	2,350,000 H Shares	0.84%	-	-	-	-
- Ctrip Hong Kong (Note 7)	14,830,000 H Shares	5.30%	14,830,000 H Shares	5.30%	14,830,000 H Shares	5.30%
- NC Hotels Investment (Note 8)	40,482,540 Unlisted Foreign Shares	14.46%	40,482,540 Unlisted Foreign Shares	14.46%	40,482,540 Unlisted Foreign Shares	14.46%
- OC Hotels (Note 9)	9,857,820 Unlisted Foreign Shares	3.52%	9,857,820 Unlisted Foreign Shares	3.52%	9,857,820 Unlisted Foreign Shares	3.52%
<b>Independent H Shareholders</b>	52,820,000 H Shares	18.86%	-	-	-	-
- GreenTree (Note 10)	13,870,000 H Shares	4.95%	-	-	-	-
- Other Independent H Shareholders	38,950,000 H Shares	13.91%	-	-	-	-
<b>Total share capital of the Company</b>	<b>280,000,000 Shares</b>	<b>100.00%</b>	<b>280,000,000 Shares</b>	<b>100.00%</b>	<b>280,000,000 Shares</b>	<b>100.00%</b>

*Notes:*

- (1) Ouling Bohui is an Offeror Concert Party by virtue of being a party to the Company Shareholders’ Agreement.
- (2) These Domestic Shares are directly held by New Century Tourism, which are owned as to 85.20%, 8.50% and 6.30% by each of Mr. Chen Miaolin, Mr. Chen Canrong (a non-executive Director) and Mr. Zhang Guanming, respectively. New Century Tourism is an

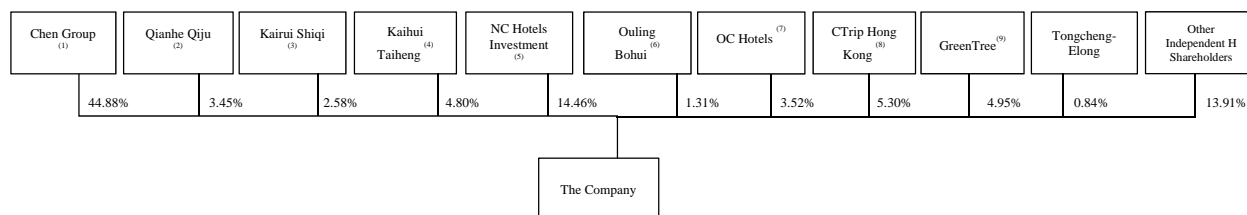
Offeror Concert Party by virtue of being a party to the Company Shareholders' Agreement.

- (3) The general partner of Qianhe Qiju is Mr. Jin Wenjie, an executive Director. Qianhe Qiju is related to the Chen Group and is an Offeror Concert Party by virtue of the Chen Group being parties to the Company Shareholders' Agreement.
- (4) The general partner of Kairui Shiqi is Mr. Chen Miaoqiang, an executive Director. The spouse of Mr. Chen Miaoqiang, Ms. Lu Jun, owns 20% of Kairui Shiqi. Kairui Shiqi is related to the Chen Group and is an Offeror Concert Party by virtue of the Chen Group being parties to the Company Shareholders' Agreement.
- (5) The general partner of Kaihui Taiheng is Mr. Jin Wenjie, an executive Director. Kaihui Taiheng is an Offeror Concert Party by virtue of being a party to the Company Shareholders' Agreement.
- (6) Tongcheng-Elong is an Offeror Concert Party because a fund advised by Ocean Link Partners has an equity interest in Tongcheng-Elong.
- (7) CTrip Hong Kong is an Offeror Concert Party by virtue of being a party to the Company Shareholders' Agreement.
- (8) NC Hotels Investment is an Offeror Concert Party by virtue of being a party to the Company Shareholders' Agreement.
- (9) OC Hotels is an Offeror Concert Party by virtue of being a party to the Company Shareholders' Agreement.
- (10) Pursuant to the GreenTree Irrevocable Undertakings, GreenTree, an Independent H Shareholder, will accept the H Share Offer in respect of all the 13,870,000 H Shares held by it.
- (11) As confirmed by UBS, as at the date of this joint announcement, members of the UBS group, being Offeror Concert Parties, do not legally or beneficially own, control or have direction over any Shares, nor were there any borrowing or lending of, or dealing in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) by any members of the UBS group during the period commencing from six months prior to the date of this joint announcement (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the UBS group). Notwithstanding that connected exempt principal traders within the UBS group are not Offeror Concert Parties, Shares held by any such connected exempt principal traders must not be voted in the context of the Offers in accordance with the requirements of Rule 35.4 of the Takeovers Code.
- (12) The percentage figures in the table above are approximate figures which have been rounded to the second decimal place.

As at the date of this joint announcement, the Company does not have any other outstanding convertible securities, options, warrants or derivatives in issue which confer any right to subscribe for, convert or exchange into Domestic Shares, H Shares or Unlisted Foreign Shares and/or rights over the Domestic Shares, H Shares or Unlisted Foreign Shares in issue.

The simplified shareholding charts of the Company as at the date of this joint announcement, immediately after completion of the Offers and immediately after the Call Option Completion (assuming the Offers are fully accepted, taking into account the undertakings given by the relevant Shareholders under the Irrevocable Undertakings, and the total issued share capital of the Company remains unchanged) are as follows:

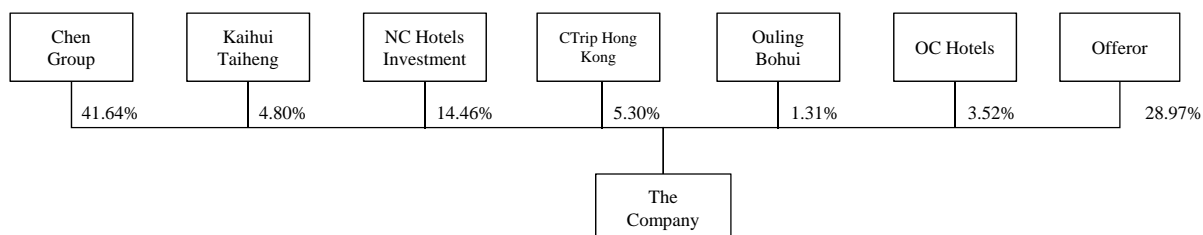
As at the date of this joint announcement:



*Notes:*

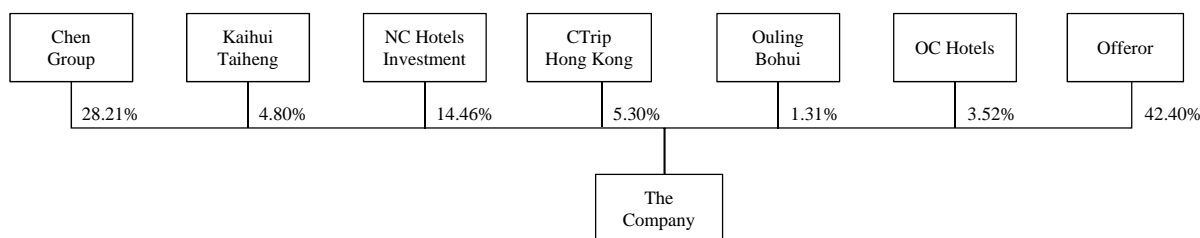
- (1) Pursuant to the Chen Irrevocable Undertakings, New Century Tourism will accept the Domestic Share Offer in respect of 9,080,307 Domestic Shares held by it and will not accept the Domestic Share Offer in respect of the remaining 116,595,873 Domestic Shares held by it.
- (2) Pursuant to the Qianhe Qiju Irrevocable Undertakings, Qianhe Qiju will accept the Domestic Share Offer in respect of all the 9,655,590 Domestic Shares held by it.
- (3) Pursuant to the Kairui Shiqi Irrevocable Undertakings, Kairui Shiqi will accept the Domestic Share Offer in respect of all the 7,223,580 Domestic Shares held by it.
- (4) Pursuant to the Kaihui Taiheng Irrevocable Undertakings, Kaihui Taiheng will not accept the Domestic Share Offer in respect of all the 13,437,900 Domestic Shares held by it.
- (5) Pursuant to the Unlisted Foreign Shares Irrevocable Undertakings entered into by NC Hotels Investment, no offer has to be extended to NC Hotels Investment in respect of all the 40,482,540 Unlisted Foreign Shares held by it.
- (6) Pursuant to the Ouling Bohui Irrevocable Undertakings, Ouling Bohui will not accept the Domestic Share Offer in respect of all the 3,666,390 Domestic Shares held by it.
- (7) Pursuant to the Unlisted Foreign Shares Irrevocable Undertakings entered into by OC Hotels, no offer has to be extended to OC Hotels in respect of the 9,857,820 Unlisted Foreign Shares held by it.
- (8) Pursuant to the CTrip Irrevocable Undertakings, CTrip Hong Kong will not accept the H Share Offer in respect of all the 14,830,000 H Shares held by it.
- (9) Pursuant to the GreenTree Irrevocable Undertakings, GreenTree, an Independent H Shareholder, will accept the H Share Offer in respect of all the 13,870,000 H Shares held by it.

Immediately after completion of the Offers (assuming that (i) the Offers are fully accepted, taking into account the undertakings given by the relevant Shareholders under the Irrevocable Undertakings; and (ii) the total issued share capital of the Company remains unchanged):





Immediately after the Call Option Completion (assuming that (i) the Offers are fully accepted, taking into account the undertakings given by the relevant Shareholders under the Irrevocable Undertakings; and (ii) the total issued share capital of the Company remains unchanged):



As at the date of this joint announcement:

- (a) save for the existing shareholding of the Offeror and the Offeror Concert Parties as set out in the section headed “8. Other information – 8.6 Shareholding structure of the Company”, there is no existing holding of voting rights and rights over Shares which the Offeror owns or over which it has control or direction;
- (b) save for the existing shareholding of the Offeror and the Offeror Concert Parties as set out in the section headed “8. Other information – 8.6 Shareholding structure of the Company”, there is no existing holding of voting rights and rights over Shares which is owned or controlled or directed by the Offeror Concert Parties;
- (c) save for the Irrevocable Undertakings, there is no existing holding of voting rights and rights over Shares in respect of which the Offeror or the Offeror Concert Parties have received an irrevocable commitment to accept or reject the Offers or to vote for or against the Delisting;
- (d) save for the Call Option, there is no existing holding of voting rights and rights over Shares in respect of which the Offeror or the Offeror Concert Parties hold convertible securities, warrants or options;
- (e) save for the Call Option, there is no outstanding derivative in respect of securities in the Company entered into by the Offeror or the Offeror Concert Parties;
- (f) save for the Call Option, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Offeror or the Offeror Concert Parties in relation to the shares of the Offeror or the Shares and which might be material to the Offers and/or the Delisting;
- (g) there is no agreement or arrangement to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a condition to the Offers;
- (h) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or the Offeror Concert Parties (other than those with exempt principal trader or exempt fund manager status) have borrowed or lent;
- (i) save for the consideration in respect of acceptance of the Offers, there is no other consideration, compensation or benefits in whatever form provided (or to be

provided) by the Offeror or the Offeror Concert Parties to the Independent H Shareholders and any parties acting in concert with them; and

- (j) save for the Shareholders Arrangement, there is no understanding, arrangement or agreement which constitutes a special deal (as defined under Rule 25 of the Takeovers Code) in relation to the Offers between (i) the Offeror or the Offeror Concert Parties on one hand and the Independent H Shareholders and parties acting in concert with them on the other hand; and (ii) any Shareholder on one hand and (a) the Offeror and the Offeror Concert Parties, or (b) the Company, its subsidiaries or associated companies on the other hand.

Save for the transfer of 34.83% partnership interest in Qianhe Qiju, which held 9,655,590 Domestic Shares as at the date of this joint announcement, from Hangzhou Qiju Qian Investment Management Co., Ltd. (杭州祺聚謙投資管理有限公司), a company indirectly wholly-owned by New Century Tourism to Mr. Jin Wenjie, the Offeror and the Offeror Concert Parties have not dealt for value in any Shares or any options, warrants, derivatives or securities convertible into Shares or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the period beginning six months prior to the date of this joint announcement and up to the date of this joint announcement.

## **8.7 Further terms and general matters relating to the Offers**

### ***Hong Kong stamp duty***

Seller's ad valorem stamp duty arising in connection with acceptance of the H Share Offer will be payable by each accepting H Shareholder at the rate of 0.1% of (i) the market value of the H Shares; or (ii) the consideration payable by the Offeror for such person's H Shares, whichever is higher, and will be deducted from the cash amount due to such H Shareholder under the H Share Offer. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf.

### ***H Shares will be acquired with all rights attaching thereto and free from all encumbrances***

Any acceptance of the H Share Offer by any H Shareholder will constitute a representation and warranty to the Offeror by such H Shareholder that the H Shares acquired under the H Share Offer and sold by such persons are free from all liens, charges, claims, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching thereto as at the date of this joint announcement or subsequently becoming attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid on or after the date of this joint announcement.

Acceptance of the H Share Offer would be irrevocable and would not be capable of being withdrawn, subject to the provisions of the Takeovers Code.

There are no dividends attaching to the H Shares which are outstanding or in contemplation to be declared as at the date of this joint announcement. The Company expects that no dividends attaching to the H Shares will be outstanding or in contemplation to be declared before close of the H Share Offer.

### ***Overseas H Shareholders***

The Offeror intends to make available the H Share Offer to all H Shareholders (other than holders of the H Shares which are owned, controlled or agreed to be

acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the H Share Offer), including those who are resident outside Hong Kong, to the extent practicable.

**The making of the H Share Offer to the overseas H Shareholders and/or their ability to participate in the H Share Offer may be subject to the laws of the relevant jurisdictions in which they are resident or domiciled. Any acceptance of the H Share Offer by any H Shareholder will be deemed to constitute a representation and warranty from such H Shareholder to the Offeror and the Company that all applicable legal and regulatory requirements to which they may be subject, including obtaining any governmental, exchange control and other consents, filing and registration and other necessary formalities, and the payment of any transfer or other taxes, have been complied with and that the H Share Offer can be extended to and/or accepted by such H Shareholder lawfully under such requirements. It is the responsibility of the overseas H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith. H Shareholders should consult their professional advisers if in doubt.**

In the event that the despatch of the Composite Document to overseas H Shareholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that are unduly burdensome, subject to the Executive's consent, the Composite Document will not be despatched to such overseas Shareholders. The Offeror will apply for such waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

#### ***Closing Date of the H Share Offer***

The H Share Offer will initially be open for acceptances for at least 21 days from the date of the Composite Document. Once all of the conditions under the H Share Offer have been either fulfilled or waived (as applicable), the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent period of at least 28 days before the H Share Offer is closed in order to allow sufficient time for those H Shareholders who have not initially accepted the H Share Offer to accept the H Share Offer or to process the transfer of their H Shares.

If any of the conditions under the H Share Offer is not satisfied or (where applicable) waived on or before the Closing Date, the H Share Offer will lapse unless the offer period is extended by the Offeror.

#### ***Composite Document***

It is the intention of the Offeror and the Board to combine the offer document and the offeree board circular into the Composite Document. The Composite Document will contain details of, among other things, the Offers, the expected timetable relating to the Offers, the recommendations of the Independent Board Committee in respect of the Offers, the letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Offers, as well as other particulars required by the Takeovers Code, and will be despatched to the Shareholders within seven days after the satisfaction of the Pre-Condition. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within this timeframe.

#### ***Meetings***

Pursuant to Rule 2.2 of the Takeovers Code, the H Share Class Meeting will be convened for the purpose of passing a resolution by way of poll to approve the Delisting by the Independent H Shareholders, and such approval must be given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and the number of votes cast against the resolution is not more than 10% of the votes attaching to all of the H Shares held by the Independent H Shareholders. The Offeror and the Offeror Concert Parties are required to abstain from voting at the H Share Class Meeting.

Furthermore, the EGM will be convened for the purpose of passing a resolution by way of poll to approve the Delisting by the Independent H Shareholders, and such approval must be given by at least 75% of the votes attaching to the Shares held by the Independent H Shareholders that are cast either in person or by proxy, and the number of votes cast against the resolution shall be no more than 10% of the votes attaching to all Shares held by the Independent H Shareholders. The Offeror and the Offeror Concert Parties are required to abstain from voting at the EGM.

Notices of the H Share Class Meeting and the EGM will be sent to the relevant Shareholders together with the Composite Document.

## **8.8 Independent Board Committee**

In accordance with Rule 2.1 of the Takeovers Code, an independent committee of the Board has been established to make recommendations as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting and the Shareholders Arrangement are, or are not, fair and reasonable and as to voting. The Independent Board Committee comprises of all of the non-executive Directors (other than Mr. Chen Canrong, Mr. Jiang Tianyi and Mr. Zhou Rong), namely, Mr. Xie Bingwu, and all of the independent non-executive Directors, namely, Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun, each of whom has no direct or indirect interest in the Offers, the Delisting and the Shareholders Arrangement. Mr. Chen Canrong, a non-executive Director, is an indirect shareholder of New Century Tourism, an Offeror Concert Party which gives the Chen Irrevocable Undertakings and is a party to the Company Shareholders' Agreement which may affect his independence as a member of the Independent Board Committee. Mr. Jiang Tianyi, a non-executive Director, is the director of the Offeror and therefore an Offeror Concert Party, which may affect his independence as a member of the Independent Board Committee. Mr. Zhou Rong, a non-executive Director, holds senior management positions with Trip.com Group Limited, the parent company of CTrip Hong Kong, an Offeror Concert Party which gives the CTrip Irrevocable Undertakings and is a party to the Company Shareholders' Agreement which may affect his independence as a member of the Independent Board Committee. As such, each of Mr. Chen Canrong, Mr. Jiang Tianyi and Mr. Zhou Rong is excluded from the Independent Board Committee.

An independent financial adviser will be appointed, subject to the approval of the Independent Board Committee, to advise the Independent Board Committee as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting and the Shareholders Arrangement are, or are not, fair and reasonable and as to voting. A separate announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

## 9. WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, the Company will make an application for the Delisting in accordance with Rule 6.12 of the Listing Rules. Shareholders will be notified by way of an announcement of the dates for the last day for dealing in the H Shares and on which the Delisting will become effective.

## 10. RESUMPTION OF TRADING IN THE H SHARES

At the request of the Company, trading in the H Shares on the Stock Exchange has been halted from 9:00 a.m. on 19 January 2021 pending the release of this joint announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the H Shares on the Stock Exchange with effect from 9:00 a.m. on 21 January 2021.

## 11. DISCLOSURE OF DEALINGS

In accordance with Rule 3.8 of the Takeovers Code, associates of the Company or the Offeror (including but not limited to a person who owns or controls 5% or more of any class of relevant securities (as defined in paragraphs (a) to (d) in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Company pursuant to the requirements of the Takeovers Code.

The full text of Note 11 of Rule 22 of the Takeovers Code is reproduced below pursuant to Rule 3.8 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## WARNING

**The Offers are conditional upon the satisfaction (or, where applicable, waiver) of the conditions as described in this joint announcement in all aspects. Accordingly, the Offers may or may not become unconditional and the issue of this joint announcement does not imply that the Offers or the Delisting will be completed. Shareholders and/or potential investors of the Company should therefore exercise caution when dealing in the securities of the Company (including H Shares and any options or rights in respect of them). Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.**

## 12. DEFINITIONS

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

“acting in concert”	:	has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“BidCo”	:	Ocean Kumpeng Limited, a company incorporated in the Cayman Islands with limited liability
“BidCo Shareholders’ Agreement”	:	the shareholders’ agreement dated 18 January 2021 entered into between Ocean Link, Sequoia China and BidCo in respect of the governance of BidCo
“Board”	:	the board of directors of the Company
“business day”	:	a day on which the Stock Exchange is open for transaction of business
“Chen Group”	:	Mr. Chen Miaolin and New Century Tourism
“Chen Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 18 January 2021 entered into by New Century Tourism and Mr. Chen Miaolin in favour of the Offeror in respect of the Offers
“Closing Date”	:	the date to be stated in the Composite Document as the first closing date of the H Share Offer or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive
“Company”	:	Zhejiang New Century Hotel Management Co., Ltd. (浙江開元酒店管理股份有限公司), a joint stock company with limited liability incorporated in the PRC with limited liability whose H Shares are listed on the Main Board of the Stock Exchange under stock code 1158
“Company Shareholders’ Agreement”	:	the shareholders’ agreement dated 18 January 2021 entered into between the Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui, CTrip Hong Kong, the Offeror and the Company in respect of the governance of the Company following the Delisting
“Composite Document”	:	the composite offer document to be jointly issued by or on behalf of the Offeror and the Company in connection with the Offers in accordance with the Takeovers Code
“Consortium Agreement”	:	the consortium agreement dated 18 January 2021 entered into among Sequoia China, Ocean Link, the Offeror and BidCo for the purpose of governing their respective rights and liabilities in connection with the Offers
“controlling shareholder”	:	has the meaning given to it in the Listing Rules

“CTrip Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 18 January 2021 entered into by CTrip Hong Kong in favour of the Offeror in respect of the Offers
“Delisting”	:	the voluntary withdrawal of the listing of the H Shares from the Stock Exchange
“Directors”	:	the directors of the Company
“Domestic Share(s)”	:	ordinary share(s) in the capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Share Offer”	:	the pre-conditional voluntary conditional offer to be made by the Offeror to acquire all of the issued Domestic Shares (other than those already owned or controlled or agreed to be acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the Domestic Share Offer)
“EGM”	:	the extraordinary general meeting of the Shareholders (including any adjournment thereof) to be held to consider and vote on, among other matters, the Delisting and the Shareholders Arrangement
“Equity Investors Group”	:	Sequoia China and Ocean Link
“Executive”	:	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“GreenTree Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 20 January 2021 entered into by GreenTree in favour of the Offeror in respect of the Offers
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollar(s), the lawful currency of Hong Kong
“H Share(s)”	:	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK\$ and listed on the Stock Exchange
“H Share Class Meeting”	:	the extraordinary general meeting of the Independent H Shareholders to be convened, and any adjournment thereof for the purpose of approving the Delisting
“H Shareholder(s)”	:	holders of the H Shares
“H Share Offer”	:	the pre-conditional voluntary conditional offer to be made by UBS on behalf of the Offeror to acquire all of the issued H Shares (other than those already owned or controlled or agreed to be acquired by the Offeror and the Offeror Concert Parties who have undertaken not to accept the H

Share Offer)

- “Hong Kong” : Hong Kong Special Administrative Region of the PRC
- “Independent Board Committee” : the independent committee of the Board, comprising all of the non-executive Directors (other than Mr. Chen Canrong, Mr. Jiang Tianyi and Mr. Zhou Rong) and all of the independent non-executive Directors, formed pursuant to Rule 2.1 of the Takeovers Code for the purpose of making recommendations as to whether the terms of the Offers are, or are not, fair and reasonable and as to acceptances and whether the Delisting and the Shareholders Arrangement are, or are not, fair and reasonable and as to voting
- “Independent H Shareholders” : H Shareholders other than the Offeror or the Offeror Concert Parties and which, for the avoidance of doubt, includes members of the UBS group which have been granted exempt principal trader or exempt fund manager status for the purpose of the Takeovers Code
- “Irrevocable Undertakings” : the CTrip Irrevocable Undertakings, the Ouling Bohui Irrevocable Undertakings, the Chen Irrevocable Undertakings, the Kaihui Taiheng Irrevocable Undertakings, the Kairui Shiqi Irrevocable Undertakings, the Qianhe Qiju Irrevocable Undertakings, the Unlisted Foreign Shares Irrevocable Undertakings and the GreenTree Irrevocable Undertakings
- “Kaihui Taiheng” : Ningbo Meishan Bonded Area Kaihui Taiheng Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區開匯泰亨投資管理合夥企業 (有限合夥), a limited partnership registered in the PRC
- “Kaihui Taiheng Irrevocable Undertakings” : the deed of irrevocable undertakings dated 18 January 2021 entered into by Kaihui Taiheng and Mr. Jin Wenjie, the general partner of Kaihui Taiheng, in favour of the Offeror in respect of the Offers
- “Kairui Shiqi” : Ningbo Meishan Bonded Area Kairui Shiqi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區開瑞世祺投資管理合夥企業(有限合夥)), a limited partnership registered in the PRC
- “Kairui Shiqi Irrevocable Undertakings” : the deed of irrevocable undertakings dated 18 January 2021 entered into by Kairui Shiqi and Mr. Chen Miaoqiang, the general partner of Kairui Shiqi, in favour of the Offeror in respect of the Offers
- “Last Trading Date” : 18 January 2021, being the last business day for trading in the H Shares on the Stock Exchange immediately before the suspension of trading in the H Shares pending publication of this joint announcement
- “Listing Rules” : the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to



	:	time)
“New Century Tourism”	:	New Century Tourism Group Co., Ltd. (開元旅業集團有限公司), a company established in the PRC and indirectly owned as to 85.20% by Mr. Chen Miaolin, 8.50% by Mr. Chen Canrong and 6.30% by Mr. Zhang Guanming
“Ocean Link”	:	Ocean Kumpeng Holding Limited, a company incorporated in the Cayman Islands with limited liability
“Ocean Link Partners”	:	Ocean Link and its affiliates
“Offeror”	:	Kumpeng Asia Limited, a company incorporated in Hong Kong with limited liability
“Offeror Concert Party(ies)”	:	party(ies) acting in concert or presumed to be acting in concert with the Offeror
“Offers”	:	the Domestic Share Offer and the H Share Offer
“Ouling Bohui Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 18 January 2021 entered into by Ouling Bohui in favour of the Offeror in respect of the Offers
“PRC”	:	the People’s Republic of China excluding, for the purpose of this joint announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Pre-Condition”	:	the pre-condition to the making of the Offers as set out under the section headed “2. Pre-Condition to the Offers and the Delisting”
“Pre-Condition Long Stop Date”	:	31 May 2021, or such later date as the Offeror and the Company may agree
“Qianhe Qiju”	:	Hangzhou Qianhe Qiju Investment Management Partnership (Limited Partnership) (杭州謙和祺聚投資管理合夥企業 (有限合夥)), a limited partnership registered in the PRC
“Qianhe Qiju Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 18 January 2021 entered into by Qianhe Qiju and Mr. Jin Wenjie, the general partner of Qianhe Qiju, in favour of the Offeror in respect of the Offers
“RMB”	:	Renminbi, the lawful currency of the PRC
“SAMR”	:	State Administration for Market Regulation of the PRC
“Sequoia China”	:	SCC Growth VI Holdco I, Ltd., a company incorporated in the Cayman Islands with limited liability
“SFC”	:	Securities and Futures Commission of Hong Kong

“SFO”	:	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
“Share(s)”	:	the Domestic Share(s), the H Share(s) and the Unlisted Foreign Share(s)
“Shareholder(s)”	:	holder(s) of the Shares
“Shareholders Arrangement”	:	the entry by the Chen Group, Kaihui Taiheng, OC Hotels, NC Hotels Investment, Ouling Bohui and CTrip Hong Kong into the Company Shareholders’ Agreement
“Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	:	Hong Kong Code on Takeovers and Mergers (as amended from time to time)
“UBS”	:	UBS AG (acting through its Hong Kong Branch), a registered institution under the SFO to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, the financial adviser to the Offeror in relation to the Offers. UBS AG is incorporated in Switzerland with limited liability
“Unlisted Foreign Share(s)”	:	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each that are held by persons other than PRC nationals or PRC incorporated entities and are not listed on any stock exchange
“Unlisted Foreign Shares Irrevocable Undertakings”	:	the deed of irrevocable undertakings dated 18 January 2021 entered into by each of NC Hotels Investment and OC Hotels in favour of the Offeror in respect of the Offers
“%”	:	per cent.

In this joint announcement, unless otherwise stated, the translation of HK\$ into RMB is based on the exchange of rate of HK\$1 to RMB0.83640. Such conversion shall not be construed as a representation that amounts in HK\$ were or may have been converted into RMB using such exchange rate or any other exchange rate or at all.

By order of the board of  
**Kunpeng Asia Limited**  
**JIANG Tianyi**  
*Director*

By order of the Board of  
**Zhejiang New Century Hotel Management**  
**Co., Ltd.**  
**JIN Wenjie**  
*Chairman and Executive Director*

The PRC, 20 January 2021

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Jiang Tianyi.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information (other than that relating to the Group, Ocean Link and Sequoia China) contained in this joint announcement and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company, Ocean Link and Sequoia China) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of Ocean Link is Mr. Jiang Tianyi.*

*The sole director of Ocean Link and Mr. Nanyan Zheng jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group and Sequoia China) contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company and Sequoia China) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the directors of Sequoia China are Mr. Don Seymour, Mr. Don Wayne Ebanks and Ms. Siu Wai Eva IP.*

*The directors of Sequoia China and Mr. Nanpeng Shen jointly and severally accept full responsibility for the accuracy of the information (other than that relating to the Group and Ocean Link) contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Company and Ocean Link) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the Board comprises Mr. JIN Wenjie and Mr. CHEN Miaoqiang as executive Directors; Mr. CHEN Canrong, Mr. JIANG Tianyi, Mr. ZHOU Rong and Mr. XIE Bingwu as non-executive Directors; and Mr. ZHANG Rungang, Mr. KHOO Wun Fat William and Ms. QIU Yun as independent non-executive Directors.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information in relation to the Group contained in this joint announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement by the Directors have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*