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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

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)**

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.

DESPATCH OF COMPOSITE DOCUMENT

AND

**GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULE 13.39(6)(A) OF
THE LISTING RULES**

Financial Adviser to the Offeror



References are made to (i) the announcement dated 20 January 2021 jointly issued by Kunpeng Asia Limited (the “**Offeror**”) and Zhejiang New Century Hotel Management Co., Ltd. (the “**Company**”) relating to, among other things, the pre-conditional voluntary conditional offer by UBS AG on behalf of the Offeror for all the issued H Shares of the Company (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) and the pre-conditional voluntary conditional offer by the Offeror for all the issued Domestic Shares of the Company (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), (ii) the announcement dated 27 January 2021 jointly issued by the Offeror and the Company in relation to the delay in despatch of the Composite Document; (iii) the announcement dated 5 February 2021 jointly issued by the Offeror and the Company in relation to the satisfaction of the Pre-Condition; and (iv) the composite document dated 19 March 2021 jointly issued by the Offeror and the Company in relation to, among other things, the voluntary conditional offer by UBS AG on behalf of the Offeror for all the issued H Shares of the Company (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) and the voluntary conditional offer by the Offeror for all the issued Domestic Shares of the Company (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) (the “**Composite Document**”). Capitalised terms used herein shall have the same meanings as those defined in the Composite Document, unless the context herein requires otherwise.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document, together with the accompanying Forms of Acceptance, containing, among other things, (i) the expected timetable; (ii) the letter from UBS AG; (iii) the letter from the Board; (iv) the letter from the Independent Board Committee setting out its recommendations to the Independent H Shareholders in respect of the Offers, the Delisting and the Shareholders Arrangement; (v) the letter from the Independent Financial Adviser setting out its advice and recommendations to the Independent Board Committee in respect of the Offers, the Delisting and the Shareholders Arrangement; (vi) notice of the H Share Class Meeting; and (vii) notice of the EGM, has been despatched to the Shareholders on 19 March 2021.

EXPECTED TIMETABLE

The expected timetable set out below is indicative only and is subject to change. Any changes to the timetable will be jointly announced by the Offeror and the Company by way of announcement(s) as soon as possible. Unless otherwise expressly stated, all references to dates and times contained in this joint announcement refer to Hong Kong dates and times.

Despatch date of the Composite Document and the accompanying Forms of Acceptance, the notices and proxy forms for the H Share Class Meeting and the EGM and commencement of the Offers (<i>Note 1</i>)	Friday, 19 March 2021
Latest time for lodging transfers of the H Shares in order to be entitled to attend and vote at the H Share Class Meeting and the EGM	4:30 p.m. on Wednesday, 7 April 2021
Closure of the H Share Register for the determination of entitlements of the Independent H Shareholders to attend and vote at the H Share Class Meeting and the EGM	Thursday, 8 April 2021 to Tuesday, 13 April 2021 (both dates inclusive)
Latest time for lodging proxy form(s) in respect of the H Share Class Meeting (<i>Note 2</i>)	10:00 a.m. on Monday, 12 April 2021
Latest time for lodging proxy form(s) in respect of the EGM (<i>Note 2</i>)	11:00 a.m. on Monday, 12 April 2021
H Share Class Meeting	10:00 a.m. on Tuesday, 13 April 2021
EGM	11:00 a.m. on Tuesday, 13 April 2021 or immediately after the conclusion or adjournment of the H Share Class Meeting
Announcement on the results of the H Share Class Meeting and the EGM	by 7:00 p.m. on Tuesday, 13 April 2021
Re-opening of the H Share Register	Wednesday, 14 April 2021
First Closing Date (<i>Note 3</i>)	Monday, 19 April 2021
Latest time for acceptance of the Offers on the First Closing Date (<i>Note 4</i>)	4:00 p.m. on Monday, 19 April 2021
Announcement of the results of the Offers on the First Closing Date	by 7:00 p.m. on Monday, 19 April 2021

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the First Closing Date (assuming the Offers become, or are declared, unconditional in all respects on the First Closing Date) (*Note 5*) Wednesday, 28 April 2021

Final Closing Date (assuming the Offers have become unconditional in all respects on the First Closing Date) (*Note 6*) Monday, 17 May 2021

Latest time for the Offers remaining open for acceptance on the Final Closing Date and closing of the Offers (*Note 6*) 4:00 p.m. on Monday, 17 May 2021

Announcement of the results of the Offers on the Final Closing Date and the voluntary withdrawal of listing of the H Shares from the Stock Exchange (assuming the Delisting is approved and the Offers become, or are declared, unconditional in all respects on the First Closing Date)by 7:00 p.m. on Monday, 17 May 2021

Latest time for the H Share Offer to become or be declared unconditional as to acceptance (if not already unconditional) (*Note 7*)by 7:00 p.m. on Tuesday, 18 May 2021

Last day of trading in the H Shares on the Stock Exchange, assuming the Delisting is approved and the Offers become, or are declared, unconditional in all respects on the First Closing Date Tuesday, 18 May 2021

Voluntary withdrawal of listing of the H Shares from the Stock Exchange (assuming the Delisting is approved and the Offers become, or are declared, unconditional in all respects on the First Closing Date) (*Note 8*) 9:00 a.m. on Monday, 24 May 2021

Latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances received at or before the latest time for acceptances of the H Share Offer on the Final Closing Date (assuming the Offers have become unconditional in all respects on the First Closing Date) (*Note 5*)Thursday, 27 May 2021

Notes:

1. The Offers are made on Friday, 19 March 2021, the date of posting of the Composite Document, and are capable of being accepted on and from this date.
2. The proxy form should be deposited with the H Share Registrar, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event by the time stated above, in order to be valid. Completion and return of a proxy form for the H Share Class Meeting and the EGM will not preclude an Independent H Shareholder from attending the H Share Class Meeting and the EGM and, as the case may be, voting in person if he/she/it so wishes. In such event, the returned proxy form will be deemed to have been revoked.
3. It is assumed that the H Share Offer has not become unconditional as to acceptances or in all respects prior to the First Closing Date. In accordance with the Takeovers Code, the Offers must initially be opened for acceptance for at least 21 days following the date on which the Composite Document was posted. Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the posting of the Composite Document.
4. Unless the Offers have previously become or been declared unconditional, revised or extended, the latest time and date for acceptance of the Offers is 4:00 p.m. on the First Closing Date. Please refer to Appendix I to the Composite Document for additional information on how to accept the Offers.
5. Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash in respect of acceptances of the H Share Offer will be made within 7 business days (as defined under the Takeovers Code) of the later of the date on which the H Share Offer has become or is declared unconditional and the date on which the H Shares are tendered for acceptance of the H Share Offer. Relevant documents of title must be received by the H Share Registrar to render each acceptance of the H Share Offer complete and valid. Remittances in respect of the H Shares tendered for acceptance and taken up by the Offeror under the H Share Offer (after, if applicable, deducting the seller's ad valorem stamp duty arising therefrom) will be posted to the H Shareholders by ordinary post at their own risk. 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 Domestic Shareholder notifies the Offeror in writing of such holder's bank account details for the purposes of accepting the Domestic Share Offer. Settlement in respect of acceptances of the Domestic Share Offer will be made in accordance with the Chen Irrevocable Undertakings, the Kairui Shiqi Irrevocable Undertakings and the Qianhe Qiju Irrevocable Undertakings.
6. In compliance with the note to Rule 2.2 and Rule 15.3 of the Takeovers Code, where the Offers become or are declared unconditional in all respects, they should remain open for acceptance for not less than 28 days thereafter. At least 14 days' notice in writing must be given before the Offers are closed to the Shareholders who have not accepted the Offers if the announcement to extend the Offers does not state the next closing date. The Offeror reserves the right to extend the Offers beyond this 28-day period.
7. Pursuant to Rule 15.5 of the Takeovers Code, except with the consent of the Executive, the H Share Offer (whether revised or not) may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th date after the Composite Document was posted. The Offeror may further apply to extend the latest date to declare the H Share Offer unconditional as to acceptances beyond Tuesday, 18 May 2021 and the Executive may or may not grant such consent.
8. It is currently expected that the voluntary withdrawal of listing of the H Shares from the Stock Exchange would happen at 9:00 a.m. on Monday, 24 May 2021, subject to the satisfaction of any conditions for delisting such securities from the Stock Exchange, and receipt of any regulatory approvals required for such delisting.

9. Beneficial owners of the H Shares who hold their H Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.
10. The latest time and date for acceptance of the Offers, the latest date for posting of remittances for the amounts due under the H Share Offer in respect of valid acceptances, the last day of trading of H Shares and voluntary withdrawal of listing of the H Shares will not take effect if there is a tropical cyclone warning signal number 8 above or “extreme conditions” caused by tropical cyclone, or a “black” rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the such relevant date. Instead, such relevant date will be rescheduled to the same time on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

GRANT OF WAIVER FROM STRICT COMPLIANCE WITH RULE 13.39(6)(A) OF THE LISTING RULES

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.

Rule 13.39(6)(a) of the Listing Rules requires that an independent board committee of the Company comprising only of independent non-executive Directors be established to advise on the Delisting. The Company has applied to the Stock Exchange for a waiver (the “**Waiver**”) from the strict requirements under Rule 13.39(6)(a) of the Listing Rules such that Mr. Xie Bingwu (a non-executive Director) is allowed to be included in the Independent Board Committee on the grounds that: (i) the compliance with Rule 13.39(6)(a) of the Listing Rules would require the Company to set up two independent board committees comprising substantially the same members, with the only difference being Mr. Xie Bingwu (a non-executive Director) not included in the independent board committee to be set up in compliance with Rule 13.39(6)(a) of the Listing Rules, which will result in the independent non-executive Directors having to attend multiple meetings, both with and without the presence of Mr. Xie Bingwu, in order for the two independent board committees to discharge their respective functions and to opine on the same issue, which would hence be unduly burdensome to the independent non-executive Directors and the Company; and (ii) the Directors comprising the Independent Board Committee have no interest in the Offers, the Delisting and the Shareholders Arrangement, and all members of the Independent Board Committee (including Mr. Xie Bingwu) are capable of forming independent advice and recommendations to the Independent H Shareholders in relation to the Offers, the Delisting and the Shareholders Arrangement.

The Stock Exchange has granted the Waiver to the Company on the condition that the Company will disclose the details of the Waiver by way of an announcement. The Stock Exchange may withdraw or change the Waiver if the Company’s situation changes.

WARNING

The Offers are conditional upon the satisfaction (or, where applicable, waiver) of the conditions as described in the Composite Document in all aspects. Accordingly, the Offers may or may not become unconditional and the issue of the Composite Document and 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.

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, 19 March 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. Zheng Nanyan 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. Shen Nanpeng 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.