金茂投資

JINMAO INVESTMENTS

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

金茂(中國)投資控股有限公司

JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED

(Registered in the Cayman Islands with limited liability)

STOCK CODE : **06139**

GLOBAL OFFERING

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

Deutsche Bank Group

Morgan Stanley

Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

DBS

HSBC

Standard Chartered

Joint Bookrunners
(in alphabetical order)

Goldman Sachs

J.P.Morgan

IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

GLOBAL OFFERING OF SHARE STAPLED UNITS

to be jointly issued by

JINMAO INVESTMENTS
金茂投資

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

and

JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED
金茂(中國)投資控股有限公司

(Registered in the Cayman Islands with limited liability)

Number of Offer Share Stapled Units under the Global Offering	:	**600,000,000 Share Stapled Units (subject to the Over-allotment Option)**
Number of Hong Kong Offer Share Stapled Units	:	**60,000,000 Share Stapled Units (subject to reallocation)**
Number of International Offer Share Stapled Units	:	**540,000,000 Share Stapled Units (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$5.65 per Offer Share Stapled Unit plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Stock Code	:	**06139**

Joint Sponsors, Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

Deutsche Bank Group   Morgan Stanley

Joint Global Coordinators and Joint Bookrunners
(in alphabetical order)

DBS   HSBC   Standard Chartered

Joint Bookrunners
(in alphabetical order)

Goldman Sachs   J.P.Morgan

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in *"Appendix XI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection"*, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement among the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company on the Price Determination Date, which is expected to be on or about Wednesday, 25 June 2014 and, in any event, not later than Monday, 30 June 2014. The Offer Price will not be more than HK$5.65 per Offer Share Stapled Unit and is expected to be not less than HK$5.35 per Offer Share Stapled Unit, unless otherwise announced.

The Offer Share Stapled Units have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Share Stapled Units may be offered, sold or delivered (a) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in *"Risk Factors"*. The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Joint Global Coordinators (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in *"Underwriting"*.

19 June 2014

IMPORTANT

Jinmao Investments and the Company will be relying on Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing (a) the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus and (b) the **BLUE** Application Forms to the relevant Qualifying Franshion Shareholders without them being accompanied by a printed prospectus, unless the relevant Qualifying Franshion Shareholders have elected to receive corporate communications in printed form under Franshion's corporate communications policy or have not been asked to elect the means of receiving Franshion's corporate communications, in which case the printed prospectus will be despatched to them separately. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** under the *"HKExnews > Listed Company Information > Latest Listed Company Information"* section, respectively.

Members of the public and Qualifying Franshion Shareholders may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 at the following locations:

1. any of the following branches of the receiving banks for the Hong Kong Public Offering:

(a) **Industrial and Commercial Bank of China (Asia) Limited**

	Branch Name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan
	Causeway Bay Branch	Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsimshatsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po
	Sheung Shui Branch	Shop 2, G/F, San Fung Building, No.33 San Fung Avenue, Shek Wu Hui, Sheung Shui

(b) **DBS Bank (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central
	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
	Hennessy Road Branch	G/F, 427-429 Hennessy Road, Causeway Bay
Kowloon	Nathan Road Branch	G/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsim Sha Tsui
	Hoi Yuen Road Branch	Unit 2, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long
	Shatin Plaza Branch	Shop 47 & 48, Level 1, Shatin Plaza, No. 21-27 Sha Tin Centre Street, Shatin
	Tsuen Wan Branch	G/F, 23 Chung On Street, Tsuen Wan

2. any of the following offices of the Joint Global Coordinators:

   (a) **Deutsche Bank AG, Hong Kong Branch**, at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

   (b) **Morgan Stanley Asia Limited**, at Level 46, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

   (c) **DBS Asia Capital Limited**, at 17th Floor, The Center, 99 Queen's Road Central, Hong Kong;

   (d) **The Hongkong and Shanghai Banking Corporation Limited** , at 1 Queen's Road Central, Hong Kong; and

   (e) **Standard Chartered Securities (Hong Kong) Limited**, at 15/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; and

3. the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every branch of Industrial and Commercial Bank of China (Asia) Limited and DBS Bank (Hong Kong) Limited where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*.

Despatch of **BLUE** Application Forms to Qualifying Franshion Shareholders on or before	Thursday, 19 June 2014
Hong Kong Public Offering and Preferential Offering commence and **WHITE** and **YELLOW** Application Forms available from	9:00 a.m. on Thursday, 19 June 2014
Latest time for completing electronic applications under (i) the **White Form eIPO** service and (ii) Online Preferential Offering service (**Blue Form eIPO** service) through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Tuesday, 24 June 2014
Application lists open[3]	11:45 a.m. on Tuesday, 24 June 2014
Latest time for (a) lodging **WHITE**, **YELLOW** and **BLUE** Application Forms, (b) completing payment for (i) **White Form eIPO** applications and (ii) **Blue Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (c) giving **electronic application instructions** to HKSCC	12:00 noon on Tuesday, 24 June 2014
Application lists close[3]	12:00 noon on Tuesday, 24 June 2014
Expected Price Determination Date	Wednesday, 25 June 2014
(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocations of the Hong Kong Offer Share Stapled Units and the Reserved Share Stapled Units to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on or before	Monday, 30 June 2014
(2) Results of allocations in the Hong Kong Public Offering and the Preferential Offering to be available through a variety of channels as described in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units — Publication of Results"* from	Monday, 30 June 2014
(3) Announcement containing (1) and (2) above to be published on the websites of the Company and the Stock Exchange at **www.jinmao88.com** and **www.hkexnews.hk** from	Monday, 30 June 2014
Despatch of Share Stapled Unit certificates and White Form e-Refund payment instructions/ refund cheques on or before[4]	Monday, 30 June 2014
Dealings in the Share Stapled Units on the Stock Exchange expected to commence on	Wednesday, 2 July 2014

Notes:

(1) All dates and times refer to Hong Kong dates and times.

(2) You will not be permitted to submit your application under the **White Form eIPO** service or the **Blue Form eIPO** service through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a "black" rainstorm warning signal or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 24 June 2014, the application lists will not open and close on that day. Please see *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"* for further details.

(4) The Share Stapled Unit certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, 2 July 2014, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Share Stapled Units on the basis of publicly available allocation details or prior to the receipt of the Share Stapled Unit certificates or prior to the Share Stapled Unit certificates becoming valid do so entirely at their own risk.

For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units, see *"Structure of the Global Offering"* and *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*, respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, the Trustee-Manager and the Company will make an announcement as soon as practicable thereafter.

The **BLUE** Application Forms have been despatched to all Qualifying Franshion Shareholders. In addition, Qualifying Franshion Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Franshion's corporate communications policy.

If a Qualifying Franshion Shareholder has elected to receive corporate communications from Franshion in printed form under Franshion's corporate communications policy or has not been asked to elect the means of receiving Franshion's corporate communications, a printed copy of this prospectus in the elected language version(s) will be despatched to such Qualifying Franshion Shareholder.

If a Qualifying Franshion Shareholder has (a) elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Franshion, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed *"HKExnews > Listed Company Information > Latest Listed Company Information"*.

A Qualifying Franshion Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Franshion c/o Computershare Hong Kong Investor Services Limited or by email to Franshion at franshion@sinochem.com. Franshion will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Franshion Shareholder, free of charge, although such Qualifying Franshion Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Qualifying Franshion Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from any of the designated branches of the receiving banks and the designated offices of each of the Joint Global Coordinators as set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Franshion Shareholders as specified in this prospectus.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. None of the Trustee-Manager, the Company or any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus.

CONTENTS

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide whether to invest in the Offer Share Stapled Units. Some of the particular risks of investing in the Offer Share Stapled Units are set out in "Risk Factors" and you should read that section carefully before you decide to invest in the Offer Share Stapled Units.

Statements contained in this summary that are not historical facts may be forward-looking statements. Such statements are based on certain assumptions. While the Directors consider such assumptions to be reasonable, whether actual results will meet our expectations will depend on a number of risks and uncertainties over which we have no control. Under no circumstances should the inclusion of such information in this prospectus be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Company or any of the Relevant Persons or that these results will be achieved or are likely to be achieved.

OVERVIEW

Jinmao Investments is a fixed single investment trust with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, with the hotels under development expected to commence operations within one year of the date of investment. The Group also owns Jin Mao Tower, a mixed-use development.

The initial property portfolio of the Group at the time of Listing will comprise the following Properties, all of which are located in the PRC:

Completed Properties

- Jin Mao Tower, comprising Grand Hyatt Shanghai and office, retail and tourist areas
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- The Ritz-Carlton, Sanya
- Hilton Sanya Resort and Spa
- Hyatt Regency Chongming, which opened in March 2014

Hotels Under Development

- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

The Properties are located in prime, strategic locations in top tier cities or tourist hot spots in the PRC. Jin Mao Tower is an 88-storey landmark in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building. All of the Hotels are or will, upon their completion, be managed by the Hotel Managers, all of whom are globally renowned operators of hotels (being Hyatt Hotels, Starwood, Marriott International and Hilton Worldwide).

All of the Properties (other than Jin Mao Tower) are standalone hotels. Jin Mao Tower (which is a mixed-use development) is included in the initial property portfolio of the Group because of its landmark status in the PRC, with Grand Hyatt Shanghai being regarded as the flagship hotel of the Group. It is also not commercially or operationally feasible to separate Grand Hyatt Shanghai from the office, retail and tourist areas of Jin Mao Tower as the building was designed as a whole to operate in the same development, with numerous facilities and structures within the building designed to be utilised by the hotel, office, retail and tourist areas on a shared basis.

Business Operations

We derive our revenue primarily from hotel operations and rental of commercial space.

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services primarily represents revenue from laundry, telephone charges, spa services, hotel car services and other services.

Gross rental income is mainly generated from leasing the office and retail areas in Jin Mao Tower and from leasing the retail areas in The Ritz-Carlton, Sanya.

In addition, to a lesser extent, our revenue includes income from operating the observation deck in Jin Mao Tower and providing property management services.

Objectives of Jinmao Investments and the Company

The objectives of Jinmao Investments and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which flow from the enhancement in the value of the Group's portfolio of properties.

SUMMARY STATISTICS FOR THE PROPERTIES

The tables below set out the operating statistics of the Completed Hotels (other than Hyatt Regency Chongming in certain tables as such hotel opened in March 2014), the Hotels Under Development and the office and retail areas of Jin Mao Tower, where applicable, as at the Latest Practicable Date (except as otherwise indicated).

(a) Key Information on the Completed Hotels

	Grand Hyatt Shanghai	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	The Ritz-Carlton, Sanya	Hilton Sanya Resort and Spa	Hyatt Regency Chongming	Total
Year of Commencement of Operations	1999	2008	2009	2008	2006	2014	—
Hotel Brand	Grand Hyatt	Westin	JW Marriott	Ritz-Carlton	Hilton	Hyatt Regency	—
Number of Rooms	555	550	411	450	501	235	2,702
Total Basic Management Fees and Incentive Fees Paid to the Hotel Manager for FY2013 (HK$'000)	18,146	24,373	9,823	29,034	15,292	N/A[(1)]	96,668

Note:

(1) Not applicable as Hyatt Regency Chongming opened in March 2014.

(b) Key Information on the Hotels Under Development

	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang	Total
Hotel Brand	Renaissance	Grand Hyatt	—
Total Planned GFA (sq.m.)	44,435	82,063	126,498
Expected Number of Rooms	329	400	729
Expected Date of Commencement of Operation	End of 2014	End of 2014	—
Estimated Total Expenditure for Development (in RMB million)	673.4	1,304.0	1,977.4

(c) Key Information for the Office and Retail Areas of Jin Mao Tower

	Jin Mao Tower
Year of Commencement of Operations	1999
Total GFA (sq.m.)	292,475 (including the hotel portion) 216,462 (excluding the hotel portion)
Leasable Area for FY2013 (sq. m.)	
— Office area[1]	111,292
— Retail area	10,605

	FY2011	FY2012	FY2013
Revenue (HK$'000)			
— Office area	403,330	457,339	484,750
— Retail area	53,860	68,186	74,797
— Observation deck	74,027	81,699	64,489
Occupancy Rate			
— Office area	97.2%	97.0%	98.7%
— Retail area	97.0%	100.0%	100.0%
Average Effective Rental Rate[2] (per sq.m. per day) (HK$)			
— Office area	10.2	11.4	12.4
— Retail area	14.5	16.6	17.9

Notes:

(1) Excludes an ancillary storage area of 7,472 sq.m..

(2) Average effective rental rate is calculated as the total gross office rental income divided by the total GFA leased over a period of 365 days.

(d) Average Room Rate and RevPAR of the Completed Hotels

Hotels [(1)]	Year ended 31 December 2011	2012	2013
	(HK$)	(HK$)	(HK$)
Average Room Rate			
Grand Hyatt Shanghai	2,135	2,060	2,053
The Westin Beijing Chaoyang	1,636	1,893	1,709
JW Marriott Hotel Shenzhen	1,161	1,260	1,301
The Ritz-Carlton, Sanya	3,354	3,788	3,471
Hilton Sanya Resort and Spa	2,435	2,282	2,085
Weighted average for all Hotels [(2)]	**2,142**	**2,210**	**2,104**
RevPAR			
Grand Hyatt Shanghai	1,261	1,236	1,203
The Westin Beijing Chaoyang	1,285	1,449	1,225
JW Marriott Hotel Shenzhen	862	901	975
The Ritz-Carlton, Sanya	2,597	2,353	2,398
Hilton Sanya Resort and Spa	1,643	1,351	1,372
Weighted average for all Hotels [(3)]	**1,521**	**1,455**	**1,423**

Notes:

(1) Excludes Hyatt Regency Chongming, which opened in March 2014.

(2) Weighted average by number of rooms across all five Hotels.

(3) Weighted average by number of room nights across all five Hotels.

(e) Occupancy Rates of the Completed Hotels

Hotels [(1)]	Year ended 31 December 2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%
Grand Hyatt Shanghai	84.9	81.8	75.5	72.1	59.5	57.0	72.3	59.0	60.0	58.6
The Westin Beijing Chaoyang	N/A	N/A	N/A	N/A	27.4	53.0	67.9	78.6	76.5	71.7
JW Marriott Hotel Shenzhen	N/A	N/A	N/A	N/A	N/A	39.7	71.4	74.3	71.5	75.0
The Ritz-Carlton, Sanya	N/A	N/A	N/A	N/A	49.7	75.1	76.2	77.4	62.1	69.1
Hilton Sanya Resort and Spa	N/A	N/A	64.4	72.0	68.5	67.6	66.6	67.5	59.2	65.8
Weighted average for all Hotels[(2)]	**84.9**	**81.8**	**70.2**	**72.0**	**51.0**	**58.7**	**70.7**	**71.0**	**65.8**	**67.6**

Notes:

(1) Excludes Hyatt Regency Chongming, which opened in March 2014.

(2) Weighted average by number of room nights across all five Hotels.

(f) Total Revenue of the Completed Hotels

Hotels [1]	Year ended 31 December									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)
Grand Hyatt Shanghai	618,032	691,594	731,770	785,987	689,720	523,515	716,841	564,815	552,135	529,131
The Westin Beijing Chaoyang	N/A	N/A	N/A	N/A	142,960	241,561	327,578	402,126	443,242	382,551
JW Marriott Hotel Shenzhen	N/A	N/A	N/A	N/A	N/A	74,883	160,051	197,447	201,929	219,529
The Ritz-Carlton, Sanya	N/A	N/A	N/A	N/A	174,402	397,768	501,732	558,927	499,736	511,179
Hilton Sanya Resort and Spa	N/A	N/A	188,357	321,246	332,793	299,365	341,654	375,597	312,993	319,275

Note:

(1) Excludes Hyatt Regency Chongming, which opened in March 2014.

VALUATION OF THE PROPERTIES

The following information is extracted from DTZ's property valuation report in *"Appendix IV — Property Valuation"* and summarises DTZ's valuation of each of the Properties and the selected key assumptions used by DTZ in arriving at its valuation of the Properties. Please refer to *"Appendix IV — Property Valuation"* for further details on the valuation of the Properties as well as the assumptions used by DTZ in arriving at its valuation. You should note that the market values of the Properties prepared by DTZ were based on certain assumptions which may be subject to changes and such market values may not be realised. Please see "*Risk Factors — Risk relating to the Valuation of the Properties and the Market Outlook — The prices at which the Properties may be sold in the future may differ from their respective market values as determined by DTZ, the independent property valuer. Such market values were based on certain assumptions which may be subject to changes and such market values may or may not be realised, particularly the assumptions relating to occupancy rates, average room rates and average rental rates and the market outlook information prepared by DTZ, the independent market research consultant*" for further details.

No.	Property	Market Value in Existing State Attributable to the Group as at 31 March 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Property Valuation Report in Appendix IV
1.	**Jin Mao Tower(1) (excluding Grand Hyatt Shanghai)**	7,966,000,000	Income approach: • Capitalisation rate: (a) Retail: 5.0% and (b) Office: 5.0% • Market monthly unit rent: (a) Retail: approximately RMB 296-RMB 740 per sq.m. and (b) Office: approximately RMB 241-RMB 271 per sq.m.	IV-13 to IV-19
2.	**Grand Hyatt Shanghai(2)**	3,129,000,000	Discounted cash flow approach: • Average daily room rate ("**ADR**"): 1st year - RMB 1,700(3) • Annual growth in ADR: stabilised at 4%(3) • The range of the projected occupancy rate(4) (%): 60-75 • Discount rate: 8.5%(5) • Terminal capitalisation rate: 4.5%(6)	IV-20 to IV-25
3.	**The Westin Beijing Chaoyang(2)**	2,699,000,000	Discounted cash flow approach: • ADR: 1st year - RMB 1,500(3) • Annual growth in ADR: stabilised at 4%(3) • The range of the projected occupancy rate(4) (%):70-80 • Discount rate: 8.5%(5) • Terminal capitalisation rate: 4.5%(6)	IV-26 to IV-30

No.	Property	Market Value in Existing State Attributable to the Group as at 31 March 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Property Valuation Report in Appendix IV
4.	**JW Marriott Hotel Shenzhen[(2)]**	1,979,000,000	Discounted cash flow approach: • ADR: 1st year - RMB 1,100[(3)] • Annual growth in ADR: stabilised at 4%[(3)] • The range of the projected occupancy rate[(4)] (%):75-80 • Discount rate: 8.5%[(5)] • Terminal capitalisation rate: 4.5%[(6)]	IV-31 to IV-37
5.	**The Ritz-Carlton, Sanya[(2)]**	2,997,000,000	Discounted cash flow approach: • ADR: 1st year - RMB2,800[(3)] • Annual growth in ADR: stabilised at 4%[(3)] • The range of the projected occupancy rate[(4)] (%): 70-75 • Discount rate: 8.5%[(5)] • Terminal capitalisation rate: 4.5%[(6)]	IV-38 to IV-43
6.	**Hilton Sanya Resort and Spa[(2)]**	2,695,000,000	Discounted cash flow approach: • ADR: 1st year - RMB 1,755[(3)] • Annual growth in ADR: stabilised at 4%[(3)] • The range of the projected occupancy rate[(4)] (%): 65-75 • Discount rate: 8.5%[(5)] • Terminal capitalisation rate: 4.5%[(6)]	IV-44 to IV-48
7.	**Hyatt Regency Chongming[(7)]**	820,000,000	Discounted cash flow approach: • ADR: 1st year - RMB1,100[(8)] • Annual growth in ADR: stabilised at 4%[(8)] • The range of the projected occupancy rate[(9)] (%):40-75 • Discount rate: 8.5%[(5)] • Terminal capitalisation rate: 4.5%[(6)]	IV-49 to IV-52

No.	Property	Market Value in Existing State Attributable to the Group as at 31 March 2014 (RMB)	Valuation Approach and Key Assumptions	Page no. of Property Valuation Report in Appendix IV
8.	**Renaissance Beijing Wangfujing Hotel**[7]	1,025,000,000	Discounted cash flow approach: • ADR: 1st year - RMB1,300[8] • Annual growth in ADR: stabilised at 4%[8] • The range of the projected occupancy rate[9] (%): 40-80 • Discount rate: 8.5%[5] • Terminal capitalisation rate: 4.5%[6] • Market value upon completion: Approx. RMB 1,496,000,000	IV-53 to IV-56
9.	**Grand Hyatt Lijiang**[7]	1,011,000,000	Discounted cash flow approach: • ADR: 1st year - RMB1,400[8] • Annual growth in ADR: stabilised at 4%[8] • The range of the projected occupancy rate[9] (%): 30-75 • Discount rate: 8.5%[5] • Terminal capitalisation rate: 4.5%[6] • Market value upon completion: Approx. RMB 1,791,000,000	IV-57 to IV-61

Notes:

(1) In undertaking the valuation of the office, retail and tourist areas of Jin Mao Tower, DTZ has analysed various recent sales transactions of comparable properties to determine the capitalisation rates. In determining the market rent, DTZ has made reference to various recent lettings within the property as well as other similar properties within the same district. The valuation of the commercial portion of Jin Mao Tower differed from that of Franshion's independent property valuer's valuation as at 31 December 2013 primarily due to (a) the differences between the operating and valuation assumptions used by Franshion's independent property valuer and those used by DTZ, as the property valuations were conducted independently by these property valuers and (b) the fact that the property valuation is subject to subjective determinations by individual property valuers.

(2) In undertaking the valuation of property nos. 2 to 6, which are Hotels held by the Group for operation, DTZ has assumed that each Hotel will be sold at the end of a 10 year projection period at a price based upon the net operating income in the 10th year of that projection period and upon the terminal capitalisation rate for the remaining land use term for each Hotel.

(3) ADR: First year. In determining the ADR in the first year for the five completed hotels, DTZ has adopted the average daily room rates in 2012 and 2013 with minor adjustments to certain factors such as inflation and competition. Additionally, DTZ has also made reference to industry statistics in the Market Report in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. DTZ is of the view that the short term outlook for the hotel industry in Shanghai, Beijing, Shenzhen and Sanya as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. For Grant Hyatt Shanghai, The Westin Beijing Chaoyang and JW Marriot Hotel Shenzhen, DTZ is of the view that their respective ADR in 2014 is expected to grow by 2.6%, 3.3% and 6.6%, respectively, from their respective average ADR for 2012 and 2013 due to the expected supply-demand dynamics in 2014 as well as the expected general inflation. For The Ritz Carlton, Sanya and Hilton Sanya Hilton Resort and Spa, DTZ is of the view that their respective ADR in 2014 is expected to decrease by 4.4% and 0.4%, respectively, from their respective average ADR for 2012 and 2013 due to an expected increase in hotel supply in Sanya in 2014. Please see *"Appendix IV- Property Valuation"* for further details on assumptions for ADR first year for each hotel.

ADR growth: DTZ's assumptions regarding annual growth rate in ADR were based upon the subject hotels' and industry's historical growth and performance. Considering general inflation and based on sustained industry growth for the past few years, DTZ believes that the hotels will continue to follow historical trends and will generate additional revenue in the medium to long-term. DTZ also assumed that there will be no material change in the political or economic conditions and the existing government policies or regulations in the relevant cities.

(4) In arriving at the projected occupancy rates of the subject hotels, DTZ has made reference to industry statistics in the Market Report in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotels was also analysed and reviewed.

In addition, DTZ has taken into account the potential benefits of the specific factors below for the subject hotels.

Grand Hyatt Shanghai: DTZ is of the view that the room renovations at Grand Hyatt Shanghai will strengthen the hotel's competitiveness and capture the growth in occupancy rate. Demand for the hotel is expected to increase due to an influx of tourists and business visitors as a result of the Pilot Free Trade Zone in Shanghai and Shanghai Disney Resort (scheduled to open in 2015). A very limited supply of new high end hotel rooms (250 rooms from Shanghai Tower) is expected to be available in the core area where the hotel is located in the near future.

The Westin Beijing Chaoyang: Based on DTZ's analysis, high end hotel supply in Beijing is estimated to be relatively low between 2014 and 2017, while hotel demand (particularly for hotels located at the core urban and financial area of Beijing like The Westin Beijing Chaoyang) is expected to remain strong due to the expected growth in the number of domestic visitors to Beijing. The number of domestic visitor arrivals grew at about 10.1% per annum between 2007 and 2013.

JW Marriot Hotel Shenzhen: DTZ is of the view that hotel demand in Shenzhen is expected to increase due to an increase in the number of tourists and business visitors as a result of the completion of the Xiamen-Shenzhen Railway, the T3 terminal at the Shenzhen International Airport, the Hong Kong — Zhuhai — Macau Bridge (scheduled to open in 2016) and the high-speed railway linking Shenzhen and Hong Kong (scheduled to commence service in 2017). In addition, the development of the Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone in Shenzhen is expected to enhance hotel demand as a result of an increase in the number of business visitors and the level of business activities. According to DTZ's analysis, supply of new high end hotels in the area where the hotel is located is estimated to be relatively low during the period between 2014 and 2018.

The Ritz-Carlton, Sanya: DTZ is of the view that hotel demand in Sanya is expected to increase due to an increase in the number of tourists and business visitors as a result of the expansion of the facilities at Sanya Phoenix International Airport and the PRC government's policy to develop Sanya into an international tourist resort area. According to DTZ's analysis, there will be a limited supply of new high end hotels in the area where the hotel is located in the near future. As a result, occupancy rates of the hotel are expected to be promising. Furthermore, DTZ expects that certain features of the hotel (such as private villas and suites along the beach of Yalong Bay) will strengthen the attractiveness of the hotel as most hotels in the area mainly offer standard rooms.

Hilton Sanya Resort and Spa: DTZ is of the view that the room renovations at Hilton Sanya Resort and Spa will strengthen the hotel's competitiveness and capture the growth in occupancy rates. DTZ expects hotel demand in Sanya to increase due to an increase in the number of tourists and business visitors as a result of the expansion of the facilities at Sanya Phoenix International Airport and the PRC government's policy to develop Sanya into an international tourist resort area. According to DTZ's analysis, there will be a limited supply of new high end hotels in the area where the hotel is located in the near future. As a result, occupancy rates of the hotel are expected to increase.

(5) The discount rates adopted by DTZ reflect the inherent risks associated with investment in the Hotels and take into account a risk premium for the forecast cash flow expected to materialise having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes and expected inflation. DTZ considered the discount rates to be reasonable based on its understanding of the returns expected by investors for similar properties and such discount rates are consistent with the level of discount rates used in valuation of similar types of properties.

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

(7) In undertaking the valuation of Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang, which are held by the Group for development, DTZ has assumed that each hotel will be sold at the end of a 10-year projection period at a price based upon the net operating income in the 10th year of that projection period and upon a terminal capitalisation rate for the remaining land use term for each hotel.

(8) ADR: First year. In determining the ADR in the first year of the three Hotels Under Development, DTZ considered the average daily room rates of comparable hotels in the area as there are no recent records for the average daily room rates of the subject hotels over the past two financial years. DTZ is of the view that the short term outlook for the hotel industry in Chongming, Beijing and Lijiang as a whole will remain positive in the absence of unforeseen and uncontrollable external factors.

ADR growth: DTZ's assumptions regarding annual growth rate in ADR were based upon comparable hotels' and the industry's historical growth and performance. Considering general inflation and based on the sustained industry growth of the past few years, DTZ believes that the hotels will generate positive revenue in the medium to long-term. DTZ also assumed that there will be no material change in the political or economic conditions and the existing government policies or regulations in the relevant cities.

(9) In arriving at the projected occupancy rates of the subject hotels, DTZ has made reference to industry statistics in the Market Report in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotels was also analysed and reviewed.

In addition, DTZ has taken into account the potential benefits of the specific factors below for the subject hotels.

Hyatt Regency Chongming: DTZ is of the view that hotel demand in Chongming is expected to increase due to an increase in the number of tourists as a result of the PRC government's plan to develop Chongming Island into an area of eco-tourism. DTZ also believes that as there are few high end hotels in Chongming Island, this will provide the hotel with a competitive advantage to capture the growing demand for high-end hotels in this area. The growing economy of Shanghai is also expected to drive the demand for hotels in Chongming for off-site corporate conferences.

Renaissance Beijing Wangfujing Hotel: Based on DTZ's analysis, high end hotel supply in Beijing is estimated to be relatively low between 2014 and 2017, while hotel demand (particularly for hotels located at the core urban and financial area of Beijing and near tourist attractions like Renaissance Beijing Wangfujing Hotel) is expected to remain strong due to the expected growth in the number of domestic visitors to Beijing. The number of domestic visitor arrivals grew at about 10.1 % per annum between 2007 and 2013. Renaissance Beijing Wangfujing Hotel's central location and its proximity to a number of tourist attractions are also expected to enhance its occupancy rate.

Grand Hyatt Lijiang: DTZ is of the view that the demand for this hotel is estimated to be strong due to the fact that the number of domestic visitor arrivals in Lijiang grew at about 27% per annum between 2007 and 2013. Grand Hyatt Lijiang is located close to the famous tourist attraction, Yulong Snow Mountain. The hotel offers mountain villas facing the Yulong Snow Mountain and such product is expected to be popular and sought-after among high-end tourists in the PRC.

(10) In addition, DTZ has also referred to the 2013 hotel occupancy rates of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok, to determine the long term hotel occupancy rates of the Hotels.

(11) DTZ's projected occupancy rates for the Completed Hotels (item no 2 to item no 6) are also based on a comparison between the average of the historical occupancy rates since a particular period of time as specified in the property valuation report after the subject hotel has reached a mature stage (i.e. the 4th year of its operation) and the average of the occupancy rates in DTZ's 10-year projected period.

Key considerations and assumptions used by DTZ in its property valuation

The following table set outs the key considerations and assumptions contained in DTZ's Market Report that have been used by DTZ (the independent property valuer) in its property valuation.

No.	Factors during the periods indicated	Shanghai	Beijing	Shenzhen	Sanya	Lijiang
1	Historical average annual growth rate of domestic visitor arrivals	18.8%	10.1%	11.7%	15.9%	26.2%
2	Historical average annual growth rate of foreign visitor arrivals	3.4%	0.6%	6.5%	-1.3%	16.3%
3	Historical average annual growth rate of average daily room rate in primary competitive set	-3.7%	6.2%	3.5%	6.7%	2.1%
4	Historical average annual growth rate of average daily room rate in secondary competitive set	1.1%	3.1%	8.3%	n/a	n/a
5	Estimated future supply of high end hotel rooms in the city with the following breakdown.	1,500	4,180	2,571	4,357	622
	In 2014	600	2,367	353	1,405	622
	In 2015	900	1,013	956	1,318	—
	In 2016	—	120	649	550	—
	In 2017	—	680	190	350	—
	In 2018	—	—	423	734	—

Notes:

(1) Factor Nos. 1, 2 and 5 are referenced in determining the projected occupancy rate.

(2) Factor Nos. 3 and 4 are referenced in determining annual growth rate in average daily room rate.

(3) For Factor Nos. 1 and 2: The periods indicated for the Shanghai market are between 2008 and 2013, and for the Beijing, Shenzhen, Sanya and Lijiang markets are between 2007 and 2013.

(4) For Factor Nos. 3 and 4: The periods indicated for the Shanghai and Beijing markets are between 2009 and 2012, for the Shenzhen market are between 2009 and 2012 for the primary competitive set and between 2010 and 2012 for the secondary competitive set, for the Sanya market are between 2007 and 2012 and for the Lijiang market are between 2009 and 2012.

(5) The primary competitive set in the Shanghai market comprises the hotels of Shanghai Shangri-La Hotel, The Ritz-Carlton Hotel Pudong, Shanghai, Park Hyatt, Shanghai, Inter-Continental Hotel Pudong Shanghai, Shanghai Kempinski Hotel, Shanghai and Four Seasons Hotel Pudong, Shanghai. The secondary competitive set in the Shanghai market comprises the hotels of Wyndham Grand Plaza Royale, The Hongta Hotel, Hilton Hotel, Jinjiang Shanghai EAST, Sheraton Hotel & Residence, Shanghai and Shanghai Pudong Marriott Hotel.

The primary competitive set in the Beijing market comprises the hotels of Beijing Kunlun Hotel, The Regent Hotel Beijing, Beijing Legendale Hotel, The Peninsula Beijing, Beijing Four Seasons Hotel and Kempinski Hotel Beijing Lufthansa. The secondary competitive set in the Beijing market comprises the hotels of Hilton Beijing Wangfujing Hotel, Sheraton Beijing Dongcheng Hotel, Renaissance Beijing Capital Hotel, Renaissance Beijing Hotel, The Great Wall Sheraton Hotel Beijing and Beijing Marriott Hotel Northeast.

The primary competitive set in the Shenzhen market comprises the hotels of Shenzhen Donghai Langham Hotel, Futian Shangri-La Shenzhen, Sheraton Shenzhen Hotel, Venice Hotel Shenzhen and InterContinental Shenzhen. The secondary competitive set in the Shenzhen market comprises the hotels of Grand Hyatt Shenzhen, The Ritz-Carlton, Shenzhen Galaxy, Kempinski Hotel Shenzhen and The Westin Shenzhen Nanshan.

The primary competitive set in the Sanya market comprises the hotels of Sheraton Sanya Resort, Sanya Marriott Resort & Spa, The St. Regis Sanya Yalong Bay Resort, MGM Resort Sanya. The secondary competitive set in the Sanya market comprises the hotels of Pullman Sanya Yalong Bay Resort, InterContinental Sanya Resort, The Royal Begonia, Sanya Hotels, Kempinski Hotel Sanya Haitang Bay, Sheraton Sanya Haitang Bay Resort and Yalong Bay Mangrove Tree Resort.

The competitive set in the Lijiang market comprises the hotels of Banyan Tree Lijiang, Lijiang Hotel Indigo, Pullman Lijiang Resort & Spa and Crowne Plaza Hotel Lijiang Ancient Town.

(6) For Factor No 5: The estimated future supply of high end hotels is the result of DTZ's (the independent market research consultant) analysis and may not necessarily include all new high end hotels in the cities and areas where the Hotels are located. The estimated year of opening of the estimated future supply of high end hotel rooms is also the result of DTZ's (the independent market research consultant) analysis and may not necessarily be accurate due to delays in development.

Based on DTZ's Market Report, the historical average growth rate of visitors (both domestic and foreign) has increased generally in the cities and areas where the Hotels are located except for a small decrease in foreign visitors in Sanya. DTZ (the independent market research consultant) estimates that occupancy and average room rate growth are driven by the supply of and demand for hotel rooms. Considering the size of the market in China and its growing affluence level, increases in the number of tourists (both domestic and foreign), coupled with large scale economic and infrastructural developments and the continuing tightening supply of high-end hotels over the next few years, DTZ expects that demand for hotel rooms in the cities and areas where the Hotels are located will generally continue to increase. DTZ (the market research consultant) generally holds a positive market outlook in the cities and areas where the Hotels are located. The above expectations are those of DTZ and may not materialise. Please see "*— Risk relating to the Valuation of the Properties and the Market Outlook — The prices at which the Properties may be sold in the future may differ from their respective market values as determined by DTZ, the independent property valuer. Such market values were based on certain assumptions which may be subject to changes and such market values may or may not be realised, particularly the assumptions relating to occupancy rates, average room rates and average rental rates and the market outlook information prepared by DTZ, the independent market research consultant.*" for further details.

KEY RISKS AND UNCERTAINTIES

There are certain risks and uncertainties involved in investing in Jinmao Investments and the Company. These risks and uncertainties can be categorised as (a) risks relating to the amount and stability of the distributions and factors which will enhance the DPU, (b) risks relating to the valuation of the Properties and the market outlook, (c) risks relating to our relationship with Franshion, (d) risks relating to our business and operations, (e) risks relating to the hospitality and property industries in the PRC, (f) risks relating to conducting business in the PRC, (g) risks relating to the structure of Jinmao Investments and the Company and (h) other risks relating to an investment in the Share Stapled Units.

(i) Distributions to Holders of Share Stapled Units May Not be Stable

The Trustee-Manager will rely on the receipt of dividends, distributions and other amounts from the Company to make distributions (on behalf of Jinmao Investments) to the Holders of Share Stapled Units. The ability of members of the Group to pay dividends, make distributions, repay shareholder loans or make loans or other payments to their holding companies and ultimately the Company and, in the case of the Company, to the Trustee-Manager are dependent on a number of factors, including the business, financial condition, results of operations and cash flows of the Group.

The Group is also required to pay hotel management fees and other fees under the Hotel Management Agreements, which are calculated by reference to the revenue and gross operating profit of the relevant hotel, respectively, and certain group services and benefits-related fees, and therefore such fees (other than the incentive fees) will be payable even if the Hotels are not profitable. In addition, the amount of Group Distributable Income will be reduced by, among other things, the repayment of debt, any amounts paid from the FF&E Reserve which have been capitalised and, at the discretion of the Company Directors, any amounts set aside for capital expenditure, future debt service and/or compliance with covenants in any credit facility agreement. Accordingly, there is no assurance as to the ability of the Trustee-Manager to pay or maintain distributions in respect of the Share Stapled Units at any level or that such distributions will be stable.

(ii) Distribution Guarantee and Shortfall Payments are Yield Enhancement Mechanisms and Will Only Apply for a Limited Period of Time

The Distribution Guarantee will guarantee the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 only and the Shortfall Payments (if any) will elevate the amounts available for distribution to the Holders of Share Stapled Units to a level which is higher than would otherwise be the case based solely on the Group Distributable Income for the financial years ending 31 December 2015, 2016 and 2017. When the Distribution Guarantee and the Shortfall Payments are no longer available, the DPU and/or the price of the Share Stapled Units may be adversely affected.

Other key risks include the following:

- conflicts of interest may exist between us and the Franshion Group;
- the prices at which the Properties may be sold in the future may differ from their respective market values as determined by DTZ. Such market values were based on certain assumptions which may be subject to changes and such market values may not be realised, particularly the assumptions relating to occupancy rates, average room rates and average rental rates and the market outlook information prepared by DTZ, the independent market research consultant;
- our revenue is derived mainly from a limited number of Hotels and one mixed-use development;
- the Hotel Arrangements may be terminated and we may be unable or decline to acquire hotels pursuant to the Hotel Arrangements;
- we rely on the Hotel Managers to manage the day-to-day operations of the Hotels pursuant to the Hotel Management Agreements;
- there are risks associated with our debt financing and it is possible that we may not be able to secure sufficient debt financing and/or refinancing; and
- our rental rates and rental income from Jin Mao Tower are highly sensitive to market fluctuations and conditions.

As an investment in the Share Stapled Units is meant to produce returns over the long-term, you should not expect to obtain short-term gains. The price of the Share Stapled Units, and the income from them, may rise or fall and may not fully reflect the underlying net assets attributable to them. You may not get back your original investment and you may not receive any distributions. You should refer to the risk factors set out in "*Risk Factors*" before deciding to invest in the Offer Share Stapled Units.

INVESTMENT HIGHLIGHTS

The Directors consider that the Group's key competitive strengths include the following:

- we are the only fixed single investment trust with an initial focus on the hospitality industry in the PRC with diversified income sources and customer mix from a balanced portfolio of high quality hotels and commercial property;

- we have a distinct portfolio of top quality assets located in top tier cities or tourist hot spots in the PRC with strong brand recognition and a market leading position;

- our assets are located in PRC cities where there are attractive market conditions which drive sustainable growth;

- we consistently optimise our assets through renovation and transformation so as to maintain the attractiveness of our assets;

- we benefit from a professional management team with a successful track record and platform; and

- we have support from a strong parent company with a synergistic relationship.

BUSINESS STRATEGIES

The Group intends to achieve its objectives (as set out in *"— Overview"* above) through the following key business strategies:

- seek asset enhancement opportunities and implement proactive measures to manage and improve asset quality;

- leverage on the experience, market reach and network of the Franshion Group in the hospitality industry to source and pursue value enhancing acquisitions;

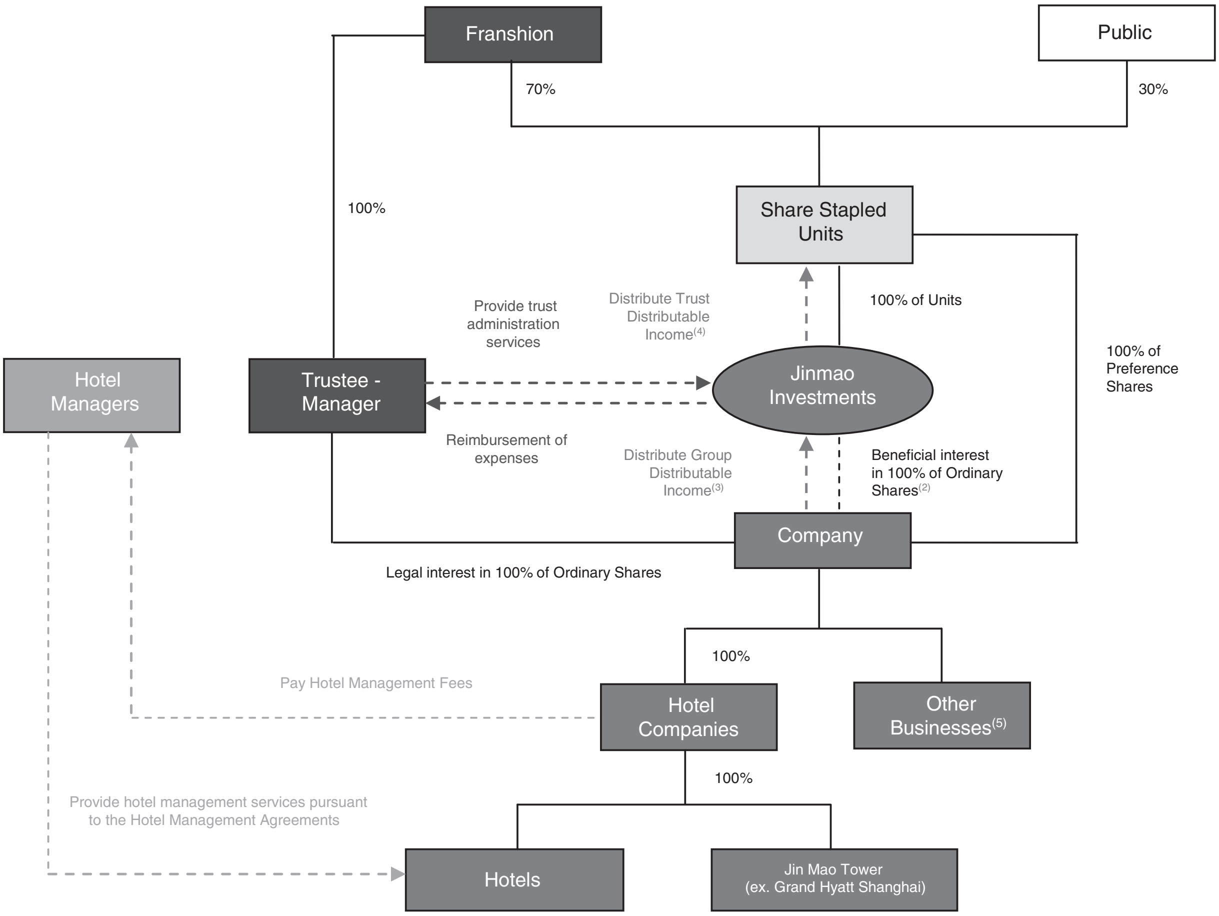
- improve the operational efficiency of the Properties; and

- endeavour to maintain a prudent capital and investment structure, diversified and flexible sources of funding and a strong and healthy financial position.

STRUCTURE OF THE TRUST GROUP AND THE SHARE STAPLED UNITS

Structure of the Trust Group

The chart below illustrates a simplified version of the structure of the Trust Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)[(1)]:



Notes:

(1) With the exception of the beneficial interest in 100% of the Ordinary Shares held by the Holders of Share Stapled Units, all dotted lines indicate a contractual relationship between the entities or distribution or funds flow and continuous lines indicate an interest in shares (or, in the case of Jinmao Investments, an interest in the Units) or ownership in the other businesses.

(2) As Jinmao Investments is not a separate legal entity, all of the Trust Property, being the assets of Jinmao Investments, will be held by the Trustee-Manager for the benefit of the Registered Holders of Units. Subject to the exercise of the Exchange Right, all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments).

(3) Except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute (a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter. Please see *"Distributions"* for further details.

(4) Under the Trust Deed, the Trustee-Manager (on behalf of Jinmao Investments) is required to declare a dividend of and distribute 100% of the Trust Distributable Income. Please see *"Distributions"* for further details.

(5) The other businesses comprise the Group's (a) 50% interest in Jin Jiang Automobile, which provides car and taxi chauffeur services to the guests and tenants of the Properties and to third parties and (b) 100% interest in Shanghai Property Management, which primarily provides property management services to Jin Mao Tower and other property management services. Please see *"Business — Other Businesses"* for further details.

Share Stapled Units

Subscribers under the Global Offering will subscribe for Share Stapled Units jointly issued by Jinmao Investments and the Company. Each Share Stapled Unit comprises three components:

(a) a Unit;

(b) a beneficial interest in a specifically identified Ordinary Share held by the Trustee-Manager, which is "Linked" to the Unit; and

(c) a specifically identified Preference Share which is "Stapled" to the Unit.

Meaning of "Linked"

All of the issued Ordinary Shares must be held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments). Each Unit issued by the Trustee-Manager must correspond with a specifically identified Ordinary Share held by the Trustee-Manager and confer a beneficial interest in that specifically identified Ordinary Share such that a transfer of a Unit is effective to transfer the beneficial interest in the Ordinary Share. The Trust Deed characterises this relationship as each Unit being "Linked" to a specifically identified Ordinary Share held by the Trustee-Manager.

Meaning of "Stapled"

Each Unit issued by the Trustee-Manager must be attached or "Stapled" to a specifically identified Preference Share, with the Preference Share to be held by the Unitholder (along with the Unit) as full legal and beneficial owner, so that one cannot be traded without the other. The Trust Deed characterises this relationship as each Unit being "Stapled" to a specifically identified Preference Share.

Numbers of Units, Ordinary Shares and Preference Shares Must Be the Same

Under the Trust Deed and the Company's Articles, the number of Ordinary Shares and Preference Shares in issue must be the same at all times and must also, in each case, be equal to the number of Units in issue.

Listing and Trading of the Share Stapled Units

The Share Stapled Units will be listed and traded on the Stock Exchange and there will only be a single price quotation on the Stock Exchange for a Share Stapled Unit.

The Company

The Company is the holding company of the Group's business. The Company has two classes of shares:

(a) Ordinary Shares, which confer voting rights at general meetings of Shareholders (one vote per Ordinary Share) and rights to dividends and distributions from the Company; and

(b) Preference Shares, which also confer voting rights at general meetings of Shareholders (one vote per Preference Share), but have no rights to any dividends, distributions or other payments from the Company, except in the case of the winding up of the Company or their redemption upon the termination of Jinmao Investments.

Jinmao Investments and the Trustee-Manager

General

Jinmao Investments is a fixed single investment trust, meaning that Jinmao Investments may only invest in the securities and other interests in a single entity, being the Company, and that Jinmao Investments will confer on the Registered Holders of Units a beneficial interest in specifically identifiable property (being the Ordinary Shares) held by Jinmao Investments.

Jinmao Investments is constituted by a Hong Kong law governed trust deed entered into between the Trustee-Manager and the Company. Under the Trust Deed, the Trustee-Manager has been appointed as the trustee and manager of Jinmao Investments.

The Trustee-Manager and Its Specific Role

The Trustee-Manager, Jinmao (China) Investments Manager Limited, is a wholly-owned subsidiary of Franshion. The Trustee-Manager has declared under the Trust Deed that it will hold the Trust Property on trust for the benefit of the Registered Holders of Units. The Trustee-Manager has a specific and limited role, which is to administer Jinmao Investments. The Trustee-Manager is not actively involved in the management of the Group's business.

No Fees Payable to the Trustee-Manager

The costs and expenses of administering Jinmao Investments may be deducted from the Trust Property but, commensurate with its specific and limited role, the Trustee-Manager will not receive any fee for administering Jinmao Investments.

Removal and Replacement of the Trustee-Manager

The Trust Deed provides that the Trustee-Manager may be removed and replaced by an Ordinary Resolution of Registered Holders of Units. The Trust Deed contains detailed provisions relating to the resignation, removal and replacement of the Trustee-Manager.

No Debt

In accordance with the Trust Deed, Jinmao Investments is not permitted to incur debt. However, there is no restriction on the ability of the Company or any of its subsidiaries to incur debt.

Exchange Right

The Trust Deed includes an Exchange Right for the benefit of the Registered Holders of Share Stapled Units. By passing an Extraordinary Resolution of Registered Holders of Units, Registered Holders of Share Stapled Units may require that all (but not part only) of the Share Stapled Units in issue be exchanged (on a one for one basis) for the underlying Ordinary Shares held by the Trustee-Manager that are Linked to the Units being exchanged.

If the Exchange Right is exercised, Jinmao Investments and the Trust Deed would terminate, the Units and Preference Shares would be exchanged with the Trustee-Manager and cancelled pursuant to the exercise of the Exchange Right and the former Registered Holders of Share Stapled Units would become the holders of an equal number of listed Ordinary Shares, which would, subject to the prior approval of the Stock Exchange, be tradeable on the Stock Exchange on an independent basis.

Meetings of Holders of Share Stapled Units Held on a Combined Basis

If a meeting of Registered Holders of Units is convened, a meeting of Shareholders must also be convened and *vice versa*. The Trust Deed provides that meetings of Registered Holders of Units and Shareholders shall be held on a combined basis as a single meeting and characterised as a meeting of Registered Holders of Share Stapled Units. If that is not possible under the relevant laws and regulations, the meetings shall be held separately but consecutively (with the meeting of Shareholders being held immediately after the meeting of Registered Holders of Units).

Voting at Meetings

A Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, which shall serve as a vote in respect of both the Unit and the Preference Share Stapled to the Unit.

The Trustee-Manager may only exercise the voting rights conferred by the Ordinary Shares held by it in accordance with the directions of the holders of the Units which are Linked to those Ordinary Shares.

RELATIONSHIP WITH FRANSHION

Immediately following the completion of the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue on the Listing Date (assuming the Over-allotment Option is not exercised) and will be the Controlling Holder of Share Stapled Units. Franshion is a leading developer and operator of large-scale and high-end commercial real estate projects in the PRC and is a constituent stock of the benchmark Hang Seng Composite Index.

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the Franshion Group (on the other hand) following the Listing, the Company and Franshion have entered into the Hotel Arrangements Deed pursuant to which (i) Franshion has agreed to provide a non-compete undertaking and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the Franshion Group in hotels as further described in *"Relationship with Franshion — Hotel Arrangements"*.

Whilst the Group will operate independently of the Franshion Group, there will be certain transactions between the Group (on the one hand) and the Franshion Group (on the other hand) which will continue following the Listing. These transactions include, among others, (a) the provision of the Distribution Guarantee and the Shortfall Payments by Franshion, (b) the provision of hotel property management services by the Group to the Franshion Group, (c) the provision of commercial property management services by the Franshion Group to the Group and (d) the rental of office space in Jin Mao Tower. For details of such transactions, please see *"Connected Transactions"*.

SUMMARY OF SELECTED FINANCIAL INFORMATION

During the Track Record Period, our revenue was primarily generated from hotel operations and rental of commercial space, including office and retail areas. In addition, to a lesser extent, our revenue also included income from operating the observation deck in Jin Mao Tower and providing property management services. For FY2011, FY2012 and FY2013, our revenue was HK$2,685.8 million, HK$2,649.1 million and HK$2,634.2 million, respectively, and our gross profit amounted to HK$1,577.6 million, HK$1,576.2 million and HK$1,527.2 million, respectively.

For FY2011, FY2012 and FY2013, we had fair value gains on investment properties of HK$157.0 million, HK$460.5 million and HK$843.1 million, respectively, accounting for 30.8%, 58.0% and 61.6% of our profit before tax for the same periods, respectively. For FY2011, FY2012 and FY2013, our profit before tax excluding fair value gains on investment properties was HK$352.9 million, HK$334.0 million and HK$524.5 million, respectively.

Our net current liabilities were HK$3,603.0 million, HK$3,826.0 million, HK$3,112.6 million and HK$3,058.8 million as at 31 December 2011, 2012 and 2013 and 30 April 2014, respectively, primarily due to the current portion of interest-bearing bank and other borrowings, in particular short-term bank loans. During the Track Record Period, we utilised a significant portion of short-term bank loans to fund the development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel, for which the relevant capital expenditures are recorded as non-current assets. As a result, we recorded net current liabilities and a relatively high level of indebtedness. However, the funding needs for a significant amount of capital expenditure and pre-opening expenses for these three hotels are non-recurring. We expect our debt financing requirements will significantly reduce after 2014, in line with the expected decrease in capital expenditure as disclosed in "*Financial Information — Forecast Capital Expenditure*". While we had significant balances with related parties primarily due to inter-group funding arrangements in 2011 and 2012, the net effect of amounts due from/to related parties had a less significant impact on our net current balances than interest-bearing bank and other borrowings. The amounts due from/to related parties decreased significantly from 2012 to 2013. We expect to settle the amounts due to/from related parties upon the Listing. See *"Financial Information — Net Current Liabilities"*, *"Financial Information — Cash Flow"* and *"Risk Factors — Risks Relating to Our Business and Operations — Our indebtedness level could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities. We had net current liabilities during the Track Record Period"* for more details.

The following discussion and analysis should be read in conjunction with the Accountants' Report, together with the accompanying notes, set out in *"Appendix I — Accountants' Report"* and the unaudited pro forma financial information set out in *"Appendix II — Unaudited Pro Forma Financial Information"*. The combined financial information as set out in the Accountants' Report incorporates the financial statements of Jinmao Investments, the Company and its subsidiaries during the Track Record Period. The selected combined statements of profit or loss data for the years ended 31 December 2011, 2012 and 2013, the selected combined statements of financial position data as at 31 December 2011, 2012 and 2013 and the selected combined statements of cash flow data for the years ended 31 December 2011, 2012 and 2013 set out below are derived from the Accountants' Report set out in Appendix I.

Selected Combined Statements of Profit or Loss Data

	Year ended 31 December		
	2011	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Revenue	2,685,795	2,649,067	2,634,161
Cost of sales	(1,108,186)	(1,072,827)	(1,106,969)
Gross profit	**1,577,609**	**1,576,240**	**1,527,192**
Other income and gains	159,478	83,866	80,838
Fair value gains on investment properties	156,986	460,539	843,116
Selling and marketing expenses	(160,203)	(159,416)	(158,793)
Administrative expenses	(599,532)	(617,482)	(590,998)
Other expenses and losses	(126,304)	(15,425)	(2,213)
Finance costs	(501,775)	(536,241)	(333,823)
Share of profits of joint ventures	3,619	2,463	2,293
Profit before tax	**509,878**	**794,544**	**1,367,612**
Income tax expense	(159,224)	(156,037)	(354,218)
Profit for the year	**350,654**	**638,507**	**1,013,394**
EBITDA[(1)]	**1,104,725**	**1,093,144**	**1,068,169**

Note:

(1) EBITDA represents profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for foreign exchange differences, impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group's management believes such information will be helpful for investors in assessing our operating performance. EBITDA is not a line item stated in the combined statements of profit or loss of the Group and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented herein may not be comparable to EBITDA or similarly titled measures presented by other companies.

EBITDA and EBITDA Margins of the Hotels

The following table sets out EBITDA and EBITDA margins of the individual Hotels for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000 except for percentages)	(HK$'000 except for percentages)	(HK$'000 except for percentages)
Hotels:[1]			
Grand Hyatt Shanghai			
EBITDA[2]	164,810	146,194	123,442
EBITDA margin[3]	29.2%	26.5%	23.3%
The Westin Beijing Chaoyang			
EBITDA[2]	134,475	163,798	109,725
EBITDA margin[3]	33.4%	37.0%	28.7%
JW Marriott Hotel Shenzhen			
EBITDA[2]	73,147	58,474	59,987
EBITDA margin[3]	37.0%	29.0%	27.3%
The Ritz-Carlton, Sanya			
EBITDA[2]	265,367	228,047	222,466
EBITDA margin[3]	47.5%	45.6%	43.5%
Hilton Sanya Resort and Spa			
EBITDA[2]	175,087	144,465	133,685
EBITDA margin[3]	46.6%	46.2%	41.9%

Notes:

(1) Does not include (a) Hyatt Regency Chongming and Grand Hyatt Lijiang, both of which were not opened for operation during the Track Record Period, and (b) Renaissance Beijing Wangfujing Hotel, which has not been operating since November 2011 due to its overall renovation and redevelopment. During the Track Record Period, Renaissance Beijing Wangfujing Hotel generated an insignificant amount of revenue, which had no material effect on our results of operations.

(2) Represents profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for foreign exchange differences, impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment.

(3) Represents EBITDA as a percentage of revenue.

During the Track Record Period, the changes in EBITDA margins of the Hotels generally reflected the cumulative results of changes in (i) gross profit margin, (ii) selling and marketing expenses and (iii) certain components of administrative expenses such as staff costs and urban real estate tax expenses. The performance and gross profits of some of the Hotels during the Track Record Period were significantly affected by competition and customer demand in the local markets and the regulatory changes affecting the PRC hospitality industry. In 2013, high-end hotels in Shanghai and Beijing experienced intensified market competition for customers and lower customer demand due to the PRC government austerity measures, which had an adverse impact on the average room rates and gross profits of Grand Hyatt Shanghai and The Westin Beijing Chaoyang in FY2013. The selling and marketing expenses of our overall hotel operations remained relatively stable during the Track Record Period. EBITDA of Hilton Sanya Resort and Spa in FY2013 were partially affected by its increased selling and marketing expenses. Changes in certain components of administrative expenses became one of the major factors affecting EBITDA of some of the Hotels during the Track Record Period. In particular, the decreases in EBITDA margin of JW Marriott Hotel Shenzhen during the Track Record Period primarily reflected a significant increase in urban real estate tax expenses due to the expiration of the urban real estate tax exemption in the first half of 2012. For a detailed discussion of changes in EBITDA margins of the Hotels during the Track Record Period, see "*Financial Information — Discussion of Results of Operations*".

Selected Combined Statements of Financial Position Data

	As at 31 December		
	2011	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Current assets	6,699,545	5,956,134	1,791,113
Current liabilities	10,302,591	9,782,171	4,903,730
Net current liabilities	(3,603,046)	(3,826,037)	(3,112,617)
Non-current assets	15,967,088	16,509,780	18,719,481
Non-current liabilities	3,311,585	2,488,949	3,676,207
Net assets	9,052,457	10,194,794	11,930,657
Total assets	**22,666,633**	**22,465,914**	**20,510,594**

Selected Combined Statements of Cash Flows Data

	Year ended 31 December		
	2011	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Net cash from/(used in) operating activities	(77,865)	2,761,783	1,411,139
Net cash from/(used in) investing activities	(1,106,688)	937,632	(853,450)
Net cash from/(used in) financing activities	605,137	(3,340,183)	(760,638)
Net (decrease)/increase in cash and cash equivalents	(579,416)	359,232	(202,949)
Cash and cash equivalents at the beginning of the year	1,530,216	989,475	1,359,880
Effect of foreign exchange rate changes, net	38,675	11,173	26,406
Cash and cash equivalents at the end of the year	**989,475**	**1,359,880**	**1,183,337**

SELECTED KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at the dates or for the periods indicated:

	As at or for the year ended 31 December		
	2011	2012	2013
	(%)	(%)	(%)
Current ratio(1)	65.0	60.9	36.5
Gearing ratio(2)	28.5	23.4	27.1
Debt to adjusted capital ratio(3)	36.4	24.6	36.2
Return on total assets ratio(4)	1.5	2.8	4.9
Return on equity ratio(5)	3.9	6.3	8.5

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities and multiplying the resulting value by 100%.

(2) Gearing ratio is calculated by dividing total interest-bearing bank and other borrowings by total assets and multiplying the resulting value by 100%.

(3) Debt to adjusted capital ratio is calculated by dividing net debt by adjusted capital and multiplying the resulting value by 100%. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the combined statements of financial position) less cash and bank balances, restricted bank balances and pledged deposits. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to related parties.

(4) Return on total assets ratio is calculated by dividing profit for the year by total assets and multiplying the resulting value by 100%.

(5) Return on equity ratio is calculated by dividing profit for the year by total equity and multiplying the resulting value by 100%.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Trust Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the completion of the Global Offering on the combined net tangible assets of the Trust Group attributable to owners of the parent as at 31 December 2013 as if the Global Offering had taken place on 31 December 2013.

This pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Trust Group had the Global Offering been completed as at 31 December 2013 or at any future date.

	Combined net tangible assets attributable to owners of the parent as at 31 December 2013(1)	**Estimated net proceeds from the Global Offering(2)**	**Adjustment for the Pre-IPO Dividend(3)**	**Unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent**	**Unaudited pro forma adjusted combined net tangible assets per Share Stapled Unit(4)**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$**
Based on an Offer Price of HK$5.35 per Offer Share Stapled Unit	11,918,479	3,052,189	(5,339,914)	9,630,754	4.82
Based on an Offer Price of HK$5.65 per Offer Share Stapled Unit	11,918,479	3,226,789	(6,487,689)	8,657,579	4.33

Notes:

(1) The combined net tangible assets attributable to owners of the parent as at 31 December 2013 is extracted from the Accountants' Report set out in Appendix I and is equal to the audited combined net assets attributable to owners of the parent of HK$11,930,657,000 as at 31 December 2013 less intangible assets of HK$12,178,000 as at the same date.

(2) The estimated net proceeds from the Global Offering are based on the Minimum Offer Price and the Maximum Offer Price of HK$5.35 and HK$5.65 per Offer Share Stapled Unit, respectively, being the gross proceeds less the underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and the additional discretionary fee) payable to the Underwriters under the Underwriting Agreements and other expenses in relation to the Global Offering payable by Jinmao Investments and the Company.

(3) This adjustment is to reflect the Pre-IPO Dividend of approximately HK$5,339,914,000 (based on the Minimum Offer Price of HK$5.35 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the minimum principal amount of approximately HK$3,000,000,000 of the Loan Facility is drawn down by the Company on the Listing Date) and approximately HK$6,487,689,000 (based on the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the entire principal amount of the Loan Facility is drawn down by the Company on the Listing Date).

(4) The unaudited pro forma adjusted combined net tangible assets per Share Stapled Unit are arrived at after the adjustments referred to in notes 2 and 3 above and on the basis that 2,000,000,000 Share Stapled Units will be in issue following the completion of the Global Offering.

(5) No adjustment has been made to reflect any trading result or other transactions of the Trust Group entered into subsequent to 31 December 2013.

DISTRIBUTIONS

Distribution Policy

Trust Distributable Income

The Trust Deed requires the Trustee-Manager (on behalf of Jinmao Investments) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the Ordinary Shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments) (the "**Trust Distributable Income**").

Group Distributable Income

The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income.

"**Group Distributable Income**" refers to the audited consolidated profit attributable to the Holders of Share Stapled Units for the relevant financial year or the relevant distribution period after:

(a) eliminating the effects of the Adjustments;

(b) deducting the actual amount of taxes paid;

(c) deducting (i) the net reduction in the amount of the total bank and other borrowings and (ii) the actual amount used to pay any interest and financing fees (net of the actual amount of interest received);

(d) deducting any amounts paid from the FF&E Reserve which have been capitalised; and

(e) at the discretion of the Company Directors (i) adjusting for changes in working capital, (ii) deducting a sum equal to the aggregate of (A) any amounts set aside for capital expenditure and (B) any amounts set aside for the purpose of future debt service and/or compliance with covenants in any credit facility agreement and (iii) adding back any amounts for pre-opening expenses of any hotels prior to their formal opening date.

"**Adjustments**" refer to certain items which are charged or credited to the consolidated statement of profit or loss of the Group for the relevant financial year or the relevant distribution period (as the case may be), including, but not limited to:

(a) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions;

(b) impairment of goodwill/recognition of negative goodwill;

(c) material non-cash gains/losses;

(d) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units;

(e) depreciation and amortisation;

(f) tax charges as shown in the consolidated statement of profit or loss; and

(g) net finance income/costs as shown in the consolidated statement of profit or loss.

The Trust Deed and the Company's Articles state that, except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute (a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter. In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Directors may declare and distribute such additional amounts as the Company Directors in their discretion determine.

The Trustee-Manager will make distributions to the Registered Holders of Share Stapled Units on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014) from the interim and final distributions to be made by the Company to the Trustee-Manager as described above. The Trustee-Manager will pay the interim distribution within four months after 30 June and the final distribution within six months after 31 December of each year.

Distribution Guarantee

Franshion has agreed to provide a guarantee to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion) for the period from the Listing Date to 31 December 2014 will be an amount which represents an annualised distribution amount of not less than HK$960 million for the financial year ending 31 December 2014. Assuming that the Listing Date is 2 July 2014, the Distribution Guarantee Amount is HK$481 million. If the Trust Distributable Income in respect of the period from the Listing Date to 31 December 2014 is less than the Distribution Guarantee Amount, Franshion will pay to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) an amount equal to the difference between the Distribution Guarantee Amount and the Trust Distributable Income (that is, the Distribution Shortfall Payment). The Distribution Shortfall Payment (if any) will be aggregated with the Trust Distributable Income and will be paid by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion). See *"Distributions — Distribution Guarantee"* for further details.

The purpose of the Distribution Guarantee is to assist in smoothing out any possible volatility in the distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) for the period from the Listing Date to 31 December 2014, particularly in light of Hyatt Regency Chongming, which only opened in March 2014, and the two Hotels Under Development (being Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang), which are only expected to commence operations by the end of 2014. The Distribution Guarantee will therefore provide the Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014.

Investors should note that the Distribution Guarantee Amount is not and should not be regarded as a forecast by the Directors, Franshion or any of the Relevant Persons of the results of the Group for the period from the Listing Date to 31 December 2014. The actual results of the Group (and hence the Group Distributable Income and the Trust Distributable Income) for the period from the Listing Date to 31 December 2014 will depend on the actual performance of the Group (including the Hotels) and are subject to a number of risks and uncertainties over which the Group has no control.

Shortfall Payments

To enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the Shortfall Payment Hotels, Franshion has also agreed that if the Actual EBITDA of the Shortfall Payment Hotels in any financial year during the Shortfall Payment Period (being the financial years ending 31 December 2015, 2016 and 2017) is less than the Specified EBITDA (being HK$220 million), Franshion will pay to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) an amount equal to the difference between the Specified EBITDA and the Actual EBITDA for that financial year (that is, the Shortfall Payment) up to an aggregate maximum amount to be paid of HK$300 million for the entire duration of the Shortfall Payment Period. The Shortfall Payment for the relevant financial year (if any) will be aggregated with the Trust Distributable Income for that financial year and will be paid by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion). See *"Distributions — Shortfall Payments"* for further details.

Investors should note that the Specified EBITDA for the Shortfall Payment Hotels is not and should not be regarded as a forecast by the Directors, Franshion or any of the Relevant Persons of the aggregate EBITDA of the Shortfall Payment Hotels or the results of the Group for the Shortfall Payment Period. The aggregate actual EBITDA of the Shortfall Payment Hotels will depend on the actual performance of the Shortfall Payment Hotels and is subject to a number of risks and uncertainties over which the Group has no control.

Statement of Distributions

Minimum Amount of Distributions for the Period from the Listing Date to 31 December 2014

As a result of the Distribution Guarantee, the aggregate minimum amount of distributions which the Holders of Share Stapled Units will receive for the period from the Listing Date to 31 December 2014 will be equal to the Distribution Guarantee Amount. Assuming that the Listing Date is 2 July 2014, the Distribution Guarantee Amount is HK$481 million.

Expected Distribution Yields

	Period from the Listing Date to 31 December 2014	
	Based on the Minimum Offer Price of HK$5.35	**Based on the Maximum Offer Price of HK$5.65**
Minimum amount of distributions to the Holders of Share Stapled Units (HK$)(1)	481 million	481 million
DPU (HK cents)(2)	24.1	24.1
Annualised distribution to the Holders of Share Stapled Units (HK$)(3)	960 million	960 million
Annualised DPU (HK cents)(2)(4)	48.0	48.0
Annualised distribution yield(4)(5)	9.0%	8.5%

Notes:

(1) The minimum amount of distributions to the Holders of Share Stapled Units is equal to the Distribution Guarantee Amount. Please see *"— Distribution Guarantee"* above for further details.

(2) Assumes that 2,000,000,000 Share Stapled Units will be in issue for the entire period from the Listing Date to 31 December 2014.

(3) The annualised distributions are calculated by annualising the minimum amount of distributions to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014.

(4) The annualised DPU is calculated based on the annualised distributions to the Holders of Share Stapled Units divided by the number of Share Stapled Units that will be in issue. The annualised distribution yield is calculated from the annualised DPU.

(5) The annualised distribution yield is calculated based on the Minimum Offer Price and the Maximum Offer Price. Such yield will vary for investors who purchase Share Stapled Units in the secondary market at a market price that differs from the Minimum Offer Price and the Maximum Offer Price or for investors who do not hold the Share Stapled Units for the entire period from the Listing Date to 31 December 2014.

Pre-IPO Dividend Payable to Franshion

On 13 June 2014, the Company Board declared the Pre-IPO Dividend to Franshion of an amount which is equal to the aggregate of (a) the net proceeds from the Global Offering (after deducting an amount of approximately HK$631.8 million representing the sum of (i) approximately HK$31.8 million for the settlement of the fee for the provision of the Project Consulting Services pursuant to the Project Consulting Agreement and (ii) approximately HK$600.0 million to be paid to Franshion for the settlement of the existing inter-company loans between the Group and the Franshion Group which are interest free, repayable on demand and which have not been repaid prior to the Listing Date) and (b) the net proceeds from the draw down of the Loan Facility on the Listing Date of an amount which is no less than HK$3,000 million.

Based on the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the entire principal amount of the Loan Facility is drawn down by the Company on the Listing Date, the maximum amount of the Pre-IPO Dividend is estimated to be approximately HK$6,488 million and will be financed using the net proceeds from the Global Offering and the Loan Facility.

Based on the Minimum Offer Price of HK$5.35 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and a draw down by the Company of a principal amount of HK$3,000 million from the Loan Facility on the Listing Date, the minimum amount of the Pre-IPO Dividend is estimated to be approximately HK$5,340 million and will be financed using the net proceeds from the Global Offering and the Loan Facility.

The payment of the Pre-IPO Dividend is conditional upon the completion of the Global Offering. For further details of the Pre-IPO Dividend, please see *"History and Reorganisation — The Reorganisation"*.

USE OF PROCEEDS

The net proceeds from the Global Offering which Jinmao Investments and the Company will receive, after deducting the estimated underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and the additional discretionary fee) and expenses in relation to the Global Offering payable by Jinmao Investments and the Company, will be approximately HK$3,139.5 million, assuming an Offer Price of HK$5.50 (being the mid-point of the Offer Price Range).

Jinmao Investments and the Company intend to use the net proceeds from the Global Offering (assuming an Offer Price of HK$5.50 (being the mid-point of the Offer Price Range)) as follows:

- approximately HK$31.8 million (or 1.0% of the net proceeds) will be paid to Franshion for the settlement of the fee payable to Franshion for the provision of the Project Consulting Services pursuant to the Project Consulting Agreement;

- approximately HK$600.0 million (or 19.1% of the net proceeds) will be paid to Franshion for the settlement of the existing inter-company loans between the Group and the Franshion Group which are interest free, repayable on demand and which have not been repaid prior to the Listing Date; and

- the remaining proceeds of approximately HK$2,507.7 million (or 79.9% of the net proceeds) will be used for the partial settlement of the Pre-IPO Dividend payable to Franshion.

As the Over-allotment Option will be granted by Franshion, and not Jinmao Investments and the Company, Jinmao Investments and the Company will not receive any proceeds from any exercise of the Over-allotment Option. In the event the Over-allotment Option is exercised in full, after deducting the estimated underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and additional discretionary fee) and expenses in relation to the Global Offering payable by Franshion, the net proceeds which Franshion will receive from such exercise will be approximately HK$467.1 million (assuming the Offer Price is HK$5.35, being the Minimum Offer Price) or HK$493.2 million (assuming the Offer Price is HK$5.65, being the Maximum Offer Price).

RECENT DEVELOPMENTS

For the three months ended 31 March 2014, (i) our revenue was generally in line when compared with the same period in 2013, (ii) occupancy rates increased across the Completed Hotels (other than Hyatt Regency Chongming) when compared with the same period in 2013, and (iii) there was a slight decrease in the overall average room rate across the Completed Hotels (other than Hyatt Regency Chongming) when compared with the same period in 2013.

Our revenue and cost of sales are expected to increase as we continue to expand our hotel network. Hyatt Regency Chongming opened in March 2014. Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are both expected to commence operations by the end of 2014. Based on our current plans, we expect to incur significant pre-opening expenses of approximately RMB162 million for the Hotels Under Development and Hyatt Regency Chongming in FY2014. In addition, we expect to incur interest expenses on the Loan Facility in FY2014. For details of the Loan Facility, see "*Financial Information — Indebtedness — Loan Facility*". Without giving effect to any fair value change in our investment properties in FY2014, we expect that our profit for the year in FY2014 will decrease significantly as a result of the impact of the pre-opening expenses of the Hotels Under Development and interest expenses incurred on the Loan Facility. However, such pre-opening expenses are non-recurring and will be added back to determine the Group Distributable Income. Based on our current hotel portfolio, we do not expect to incur any significant amount of pre-opening expenses for the Hotels after 2014.

On 14 March 2014, we registered for a proposed issuance of mid-term notes of RMB1,000.0 million (the "**Mid-Term Notes**") with the National Association of Financial Market Institutional Investors in China. The registration of the Mid-Term Notes remains valid for two years. We plan to issue the Mid-Term Notes with a three-year term by the end of August 2014. The actual issue amount and interest rate of the Mid-Term Notes will be determined prior to the issuance. The issuance of the Mid-Term Notes depends on the conditions in the credit markets and the overall economy. The investors in the Mid-Term Notes are certain qualified inter-bank market institutions. We intend to issue the Mid-Term Notes to finance our bank loan repayment.

As far as the Directors are aware, there have been no material changes in the general economic and market conditions in the PRC or the hospitality and property industries in which we operate that materially and adversely affected our business operations or financial condition since 31 December 2013 and up to the date of this prospectus.

The Directors confirm that, having performed reasonable due diligence on the Trust Group, there has been no material adverse change in the Trust Group's financial or trading position or prospects since 31 December 2013 and up to the date of this prospectus.

LISTING EXPENSES

Total expenses (excluding underwriting commissions, the discretionary incentive fee and the additional discretionary fee) expected to be incurred in relation to the Listing are HK$69.3 million, of which approximately HK$48.5 million is expected to be charged to the consolidated statement of profit or loss of the Trust Group and approximately HK$20.8 million is expected to be charged to share premium of the Trust Group for the financial year ending 31 December 2014. The Company and the Trustee-Manager did not incur any expenses relating to the Listing during the Track Record Period.

Jinmao Investments	Jinmao Investments (金茂投資), a trust constituted by the Trust Deed under the laws of Hong Kong, which has been established as a fixed single investment trust, with its activities being limited to investing in the Company and anything necessary or desirable for or in connection with investing in the Company.
Company	Jinmao (China) Investments Holdings Limited (金茂(中國)投資控股有限公司), a company incorporated under the laws of the BVI with limited liability on 18 January 2008 and registered by way of a continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law.
Trustee-Manager	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014 and a wholly-owned subsidiary of Franshion, in its capacity as trustee-manager of Jinmao Investments.
Global Offering	600,000,000 Offer Share Stapled Units jointly offered by Jinmao Investments and the Company under the Hong Kong Public Offering and the International Offering (including the Preferential Offering), subject to the Over-allotment Option, and 690,000,000 Offer Share Stapled Units if the Over-allotment Option is exercised in full.
Over-allotment Option	Franshion expects to grant to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable in whole or in part at one or more times from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering and the Preferential Offering, to require Franshion to sell up to an aggregate of 90,000,000 additional Share Stapled Units, representing not more than 15% of the number of Offer Share Stapled Units initially being offered under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any.
Hong Kong Public Offering	60,000,000 Offer Share Stapled Units jointly offered by Jinmao Investments and the Company by way of a public offer in Hong Kong (subject to reallocation).

International Offering	540,000,000 Offer Share Stapled Units jointly offered by Jinmao Investments and the Company by way of an international placement to investors, including institutional and other investors in Hong Kong (subject to reallocation and the Over-allotment Option), and includes the Preferential Offering.
Preferential Offering to Qualifying Franshion Shareholders	Of the 540,000,000 Offer Share Stapled Units being offered under the International Offering, 80,000,000 Share Stapled Units will be offered by way of a preferential offering to the Qualifying Franshion Shareholders as an Assured Entitlement. If the number of Offer Share Stapled Units applied for pursuant to excess applications under the Preferential Offering is more than the number of Offer Share Stapled Units not taken up by the Qualifying Franshion Shareholders under the Assured Entitlement, the Available Reserved Share Stapled Units will be allocated to the relevant Qualifying Franshion Shareholders on a basis which will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong. Further details are set out in *"Structure of the Global Offering — The Preferential Offering"*.
Clawback and Re-allocation	The Offer Share Stapled Units may, in certain circumstances, be reallocated between the International Offering and the Hong Kong Public Offering.
Offer Price Range	Between HK$5.35 (the Minimum Offer Price) and HK$5.65 (the Maximum Offer Price).

Price Determination

The Offer Price will be determined following a book-building process by agreement among the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company on the Price Determination Date, which is expected to be on or about Wednesday, 25 June 2014 and, in any event, not later than Monday, 30 June 2014. Announcement of the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocations of the Hong Kong Offer Share Stapled Units and the Reserved Share Stapled Units will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** on or before Monday, 30 June 2014.

Subscription for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units

Applicants for the Hong Kong Offer Share Stapled Units under the Hong Kong Public Offering and for the Reserved Share Stapled Units under the Preferential Offering should pay, on application, the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit, together with brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$2,853.47 for one board lot of 500 Share Stapled Units.

If the Offer Price, as finally determined in the manner described above, is lower than the Maximum Offer Price, the Trustee-Manager and the Company will refund the respective difference (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest.

The minimum initial subscription for the Hong Kong Offer Share Stapled Units is for a board lot of 500 Share Stapled Units. An applicant may subscribe for a larger number of Share Stapled Units in integral multiples of 500.

Further details are set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*.

Lock-up Undertakings

The Trustee-Manager and the Company have given certain lock-up undertakings to the Stock Exchange and the Hong Kong Underwriters not to issue any new Share Stapled Units for a period of six months from the Listing Date.

Franshion, as the Controlling Holder of Share Stapled Units, has undertaken to the Stock Exchange, the Trustee-Manager, the Company and the Hong Kong Underwriters not to dispose of, except pursuant to any lending of Share Stapled Units pursuant to the Share Stapled Units Borrowing Agreement or pursuant to any exercise of the Over-allotment Option, (a) any Share Stapled Units for a period of six months from the Listing Date (the "**First Six-Month Period**") and (b) any Share Stapled Units during a period of six months following the expiry of the First Six-Month Period which would result in it ceasing to be a Controlling Holder of Share Stapled Units.

Market Capitalisation

The market capitalisation of all the Share Stapled Units in issue immediately following the completion of the Global Offering will be between HK$10,700 million (based on the Minimum Offer Price) and HK$11,300 million (based on the Maximum Offer Price).

Listing and Trading

An application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Share Stapled Units in issue and to be issued as mentioned in this prospectus on the Main Board of the Stock Exchange. Dealings in Share Stapled Units on the Main Board of the Stock Exchange are expected to commence on Wednesday, 2 July 2014.

Stabilisation

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions which stabilise or support the market price of the Share Stapled Units at levels which might not otherwise prevail in the open market for a period of 30 days after the last date for lodging applications under the Hong Kong Public Offering. However, there is no assurance that the Stabilising Manager (or any person acting for it) will undertake stabilisation action. For further details, see *"Structure of the Global Offering — Stabilisation"*.

Restrictions on the Offer Share Stapled Units

No action has been taken to permit a public offering of the Offer Share Stapled Units other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"**Actual EBITDA**"	the aggregate actual EBITDA of the Shortfall Payment Hotels for the relevant financial year during the Shortfall Payment Period
"**Adjustments**"	the items in respect of which adjustments are to be made to the consolidated statement of profit or loss of the Group for the relevant financial year or the relevant distribution period, as further described in *"Distributions — Distribution Policy"*
"**Application Form(s)**"	the **WHITE** Application Form(s), **YELLOW** Application Form(s), **BLUE** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"**Assured Entitlement**"	the entitlement of the Qualifying Franshion Shareholders to apply for the Reserved Share Stapled Units on an assured basis pursuant to the Preferential Offering determined on the basis of their respective shareholdings in Franshion on the Record Date
"**Authorised Business**"	the authorised business of Jinmao Investments as prescribed in the Trust Deed, being: (a) investing in the Company (including, without limitation, investment in securities and other interests in the Company); (b) the exercise of the Trustee-Manager's powers, authorities and rights, and the performance of its duties and obligations, under the Trust Deed; and (c) anything or activity which is necessary or desirable for or in connection with the activities referred to in paragraphs (a) and/or (b) above
"**Available Reserved Share Stapled Units**"	has the meaning ascribed to it in *"Structure of the Global Offering — The Preferential Offering — Basis of Allocation for Applications for Reserved Share Stapled Units"*
"**average effective rental rate**"	the total gross office rental income divided by the total GFA leased over a period of 365 days
"**average food and beverage check per person**"	the total food and beverage revenue (including service charge) divided by the total number of covers

"**average room rate**"	room revenue divided by the total number of rooms sold in a given period
"**Beijing Jin Mao**"	Beijing Jin Mao Real Estate Company Limited (金茂(北京)置業有限公司), a company incorporated in the PRC with limited liability on 25 June 2007 and an indirect wholly-owned subsidiary of the Company
"**Beneficial Franshion Shareholder**"	any beneficial owner of Franshion Shares whose Franshion Shares are registered, as shown in the register of members of Franshion, in the name of a registered Franshion Shareholder on the Record Date
"**BLUE Application Form(s)**"	the application form(s) to be sent to Qualifying Franshion Shareholders to subscribe for Reserved Share Stapled Units pursuant to the Preferential Offering
"**Blue Form eIPO**"	the application for Reserved Share Stapled Units to be issued in a Qualifying Franshion Shareholder's own name by submitting applications online through the designated website of the **Blue Form eIPO** at **www.eipo.com.hk**
"**Board**" or "**Board of Directors**"	the Trustee-Manager Board and the Company Board
"**business day**"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"**BVI**"	the British Virgin Islands
"**Carnelian Investment Agreement**"	the cornerstone investment agreement dated 13 June 2014 pursuant to which Carnelian Investment has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$77,500,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units), as further described in "*Cornerstone Investors*"
"**Cayman Companies Law**"	the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended or supplemented from time to time
"**CCASS**"	the Central Clearing and Settlement System established and operated by HKSCC
"**CCASS Account**"	a securities account maintained by a CCASS Participant with CCASS

"**CCASS Clearing Participant**"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"**CCASS Custodian Participant**"	a person admitted to participate in CCASS as a custodian participant
"**CCASS Investor Participant**"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"**CCASS Participant**"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"**Chen Huaidan Investment Agreement**"	the cornerstone investment agreement dated 13 June 2014 pursuant to which Mdm. Chen Huaidan has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units), as further described in "*Cornerstone Investors*"
"**China Jin Mao (Group)**"	China Jin Mao (Group) Company Limited (中國金茂(集團)有限公司), a company incorporated in the PRC with limited liability on 10 February 1993 and a wholly-owned subsidiary of the Company
"**Commercial Property Management Agreement**"	the commercial property management agreement dated 13 June 2014 entered into between Franshion (Shanghai) and China Jin Mao (Group)
"**Commercial Property Management Services**"	the commercial property management services to be provided by the Franshion Group to the Group pursuant to the Commercial Property Management Agreement
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time

"**Company**"	Jinmao (China) Investments Holdings Limited (金茂(中國)投資控股有限公司), a company incorporated under the laws of the BVI with limited liability on 18 January 2008 under the name of Wise Pine Limited, which changed its name to its present name and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law
"**Company Audit Committee**"	the audit committee of the Company
"**Company Board**"	the board of directors of the Company
"**Company Director**"	a director of the Company
"**Company Remuneration and Nomination Committee**"	the remuneration and nomination committee of the Company
"**Company's Articles**"	the amended and restated articles of association of the Company adopted on 13 June 2014, as amended from time to time, a summary of which is set out in *"Appendix VIII — Summary of the Constitution of the Company and Cayman Companies Law"*
"**Completed Hotels**"	the six completed hotels which form part of the initial property portfolio of the Group, comprising (a) Grand Hyatt Shanghai, (b) The Westin Beijing Chaoyang, (c) JW Marriott Hotel Shenzhen, (d) The Ritz-Carlton, Sanya, (e) Hilton Sanya Resort and Spa and (f) Hyatt Regency Chongming
"**Controlling Holder of Share Stapled Units**"	a holder of not less than 30% of the issued Share Stapled Units, and immediately following the completion of the Global Offering, refers to Franshion
"**Convertible Instruments**"	any options, warrants or similar rights for the subscription or issue of Share Stapled Units issued by Jinmao Investments and the Company and any securities issued by the Company or any subsidiaries of the Company which are convertible into or exchangeable for Share Stapled Units; and references to an issue of Share Stapled Units "**pursuant to**" any Convertible Instruments means an issue of Share Stapled Units pursuant to exercise of any subscription (or similar), conversion or exchange rights under the terms and conditions of such Convertible Instruments
"**Decoration Services**"	the decoration services to be provided by the Franshion Group to the Group pursuant to the Decoration Services Agreement

"**Decoration Services Agreements**"	the decoration services agreements entered into between Shanghai Decoration and China Jin Mao (Group) as further described in "*Connected Transactions — One-off Connected Transactions — Decoration Services from the Franshion Group*"
"**Development Costs**"	the development costs of the Hotels Under Development incurred from the Listing Date until the date of completion of the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel
"**Directors**"	collectively, the Trustee-Manager Directors and the Company Directors and "**Director**" shall be construed accordingly as a director of the Trustee-Manager and a director of the Company
"**Distribution Guarantee**"	the guarantee provided by Franshion to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) in respect of the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014
"**Distribution Guarantee Amount**"	the aggregate amount of the distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 which is guaranteed by Franshion pursuant to the Distribution Guarantee and Shortfall Payments Deed
"**Distribution Guarantee and Shortfall Payments Deed**"	the deed dated 13 June 2014 entered into between Franshion and the Trustee-Manager in relation to the Distribution Guarantee and the Shortfall Payments
"**Distribution Shortfall Payment**"	the payment to be made by Franshion pursuant to the Distribution Guarantee and Shortfall Payments Deed if the Trust Distributable Income for the period from the Listing Date to 31 December 2014 is less than the Distribution Guarantee Amount
"**DPU**"	distribution per Share Stapled Unit
"**DTZ**"	DTZ Debenham Tie Leung Limited

"**EBITDA**"	profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for foreign exchange differences, impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group's management believes such information will be helpful for investors in assessing our operating performance
"**Exchange Right**"	the right of the Registered Holders of Share Stapled Units under the Trust Deed, exercisable by passing an Extraordinary Resolution of Registered Holders of Units, to require all of the Share Stapled Units in issue to be exchanged for the Ordinary Shares held by the Trustee-Manager which are Linked to the Units which are components of the Share Stapled Units. If the Exchange Right is exercised, the Trust Deed would terminate, the Units and the Preference Shares would be exchanged and cancelled and the former Registered Holders of Share Stapled Units would hold listed and, subject to the prior approval of the Stock Exchange, tradeable Ordinary Shares
"**Extraordinary Resolution of Registered Holders of Units**"	a resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes cast for and against such resolution at a meeting of Registered Holders of Units duly convened and held in accordance with the Trust Deed
"**FF&E**"	furniture, fixtures and equipment
"**FF&E Reserve**"	the amount of reserves for FF&E
"**Framework Lease Agreements**"	the Sinochem Framework Lease Agreement and the Franshion Framework Lease Agreement
"**Franshion**"	Franshion Properties (China) Limited, a company incorporated in Hong Kong with limited liability on 2 June 2004, whose shares are listed on the Main Board of the Stock Exchange (stock code: 00817) and a Controlling Holder of Share Stapled Units and a connected person of Jinmao Investments and the Company

"**Franshion Board**"	the board of directors of Franshion
"**Franshion Circular**"	the circular issued to Franshion Shareholders dated 19 June 2014 relating to the spin-off and separate listing of the Group
"**Franshion Framework Lease Agreement**"	the framework lease agreement dated 13 June 2014 entered into between China Jin Mao (Group) and Franshion
"**Franshion Group**"	Franshion and its subsidiaries (excluding the Trust Group)
"**Franshion (Shanghai)**"	Franshion Properties Investment Management (Shanghai) Company Limited, a company incorporated in the PRC with limited liability on 15 November 2007 and a wholly-owned subsidiary of Franshion
"**Franshion Shareholder(s)**"	holder(s) of Franshion Shares
"**Franshion Shares**"	ordinary shares in the share capital of Franshion
"**FY**"	financial year ended or ending 31 December
"**GFA**"	gross floor area
"**Global Offering**"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"**Gordon Tang Investment Agreement**"	the cornerstone investment agreement dated 13 June 2014 pursuant to which Mr. Gordon Tang has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units), as further described in "*Cornerstone Investors*"
"**Grade A**"	modern offices with high quality finishes, flexible layouts, large floor plates, spacious and well-decorated lobbies and circulation areas, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, and with professional management and parking facilities normally available
"**Grand Hyatt Lijiang Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — Grand Hyatt Lijiang Hotel Management Agreement"*

"**Grand Hyatt Shanghai Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — Grand Hyatt Shanghai Hotel Management Agreement"*
"**GREEN Application Form(s)**"	the application form(s) to be completed by the White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"**Group**", "**we**", "**our**" or "**us**"	the Company and its subsidiaries, as if the Reorganisation had been completed
"**Group Distributable Income**"	has the meaning ascribed to it in *"Distributions — Distribution Policy"*
"**HCL**"	Hyatt of China Limited, a company incorporated in Hong Kong with limited liability and an indirect subsidiary of Hyatt Hotels and an independent third party
"**HHMS**"	Hilton Hotel Management (Shanghai) Co., Ltd., a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of Hilton Worldwide and an independent third party
"**HK$**" or "**Hong Kong dollars**"	Hong Kong dollars, the lawful currency of Hong Kong
"**HKFRS**"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"**HKSCC**"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"**HKSCC Nominees**"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC, in its capacity as nominee for HKSCC (or any successor thereto) as operator of CCASS and any successor, replacement or assign of HKSCC Nominees Limited as nominee for the operator of CCASS
"**HIBOR**"	Hong Kong Interbank Offered Rate
"**HIC**"	Hilton International Co., a corporation organised and existing under the laws of the State of Delaware in the U.S. and a subsidiary of Hilton Worldwide and an independent third party

"**HIHMB**"	Hyatt International Hotel Management (Beijing) Co., Ltd., a company incorporated in the PRC with limited liability and an indirect subsidiary of Hyatt Hotels and an independent third party
"**Hilton Sanya Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — Hilton Sanya Hotel Management Agreement"*
"**Hilton Worldwide**"	Hilton Worldwide Holdings Inc., a corporation organised and existing under the laws of the State of Delaware in the U.S. and the common stock of which is listed on the New York Stock Exchange (ticker: HLT) and an independent third party
"**Holders of Share Stapled Units**"	persons registered in the Share Stapled Units Register as holders of Share Stapled Units and, where the registered holder of Share Stapled Units is HKSCC Nominees, shall also include, where the context so admits, the CCASS Participants whose CCASS Accounts are deposited with the Share Stapled Units. For the avoidance of doubt, references to "**Registered Holders of Share Stapled Units**" and "**Joint Registered Holders of Share Stapled Units**" shall not include CCASS Participants
"**Hong Kong**"	the Hong Kong Special Administrative Region of the PRC
"**Hong Kong Government**"	the Government of the Hong Kong Special Administrative Region of the PRC
"**Hong Kong Offer Share Stapled Units**"	the 60,000,000 Share Stapled Units initially being jointly offered by Jinmao Investments and the Company pursuant to the Hong Kong Public Offering (subject to reallocation as described in *"Structure of the Global Offering"*)
"**Hong Kong Public Offering**"	the offer of the Hong Kong Offer Share Stapled Units to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in *"Structure of the Global Offering"*
"**Hong Kong Register of Members**"	the branch register of members of the Company established and maintained by the Company in Hong Kong in accordance with the Company's Articles and the Trust Deed

"**Hong Kong Underwriters**"	the underwriters listed in *"Underwriting — Hong Kong Underwriters"*, being the underwriters of the Hong Kong Public Offering
"**Hong Kong Underwriting Agreement**"	the underwriting agreement dated 18 June 2014 relating to the Hong Kong Public Offering entered into among the Trustee-Manager, the Company, Franshion, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters, as further described in *"Underwriting"*
"**Hotel Arrangements**"	the arrangements relating to the existing and future interests of the Franshion Group in hotel assets as set out in *"Relationship with Franshion — Hotel Arrangements"*
"**Hotel Arrangements Deed**"	the deed dated 13 June 2014 entered into between the Company and Franshion relating to the Hotel Arrangements
"**Hotel Companies**"	the companies which own the Properties, being (a) China Jin Mao (Group) (in respect of Jin Mao Tower, including Grand Hyatt Shanghai), (b) Beijing Jin Mao (in respect of The Westin Beijing Chaoyang), (c) Jin Mao Shenzhen (in respect of JW Marriott Hotel Shenzhen), (d) Jin Mao Sanya Tourism (in respect of The Ritz-Carlton, Sanya), (e) Jin Mao Sanya Resort Hotel (in respect of Hilton Sanya Resort and Spa), (f) Jin Mao (Shanghai) Real Estate (in respect of Hyatt Regency Chongming), (g) Wangfujing Hotel Management (in respect of Renaissance Beijing Wangfujing Hotel) and (h) Jin Mao (Li Jiang) (in respect of Grand Hyatt Lijiang)
"**Hotel Management Agreements**"	the hotel management agreements in respect of the Hotels which have been entered into with the Hotel Managers, being (a) the Grand Hyatt Shanghai Hotel Management Agreement, (b) The Westin Beijing Chaoyang Hotel Management Agreement, (c) JW Marriott Hotel Shenzhen Hotel Management Agreement, (d) The Ritz-Carlton Sanya Hotel Management Agreement, (e) Hilton Sanya Hotel Management Agreement, (f) Hyatt Regency Chongming Hotel Management Agreement, (g) Renaissance Beijing Wangfujing Hotel Management Agreement and (h) Grand Hyatt Lijiang Hotel Management Agreement

"**Hotel Management Fees**"	the aggregate basic and incentive fees payable to a Hotel Manager pursuant to the relevant Hotel Management Agreement
"**Hotel Managers**"	HCL, WHM, SGHM, RCIMC, HHMS, LHCIM and HIHMB and each, a "**Hotel Manager**"
"**Hotel Property Management Agreement**"	the hotel property management agreement dated 13 June 2014 entered into between Franshion and the Company
"**Hotels**"	the eight hotels which form part of the initial property portfolio of the Group, comprising (a) Grand Hyatt Shanghai, (b) The Westin Beijing Chaoyang, (c) JW Marriott Hotel Shenzhen, (d) The Ritz-Carlton, Sanya, (e) Hilton Sanya Resort and Spa, (f) Hyatt Regency Chongming, (g) Renaissance Beijing Wangfujing Hotel and (h) Grand Hyatt Lijiang
"**Hotels Under Development**"	the two hotels under renovation or construction and development which form part of the initial property portfolio of the Group, comprising (a) Renaissance Beijing Wangfujing Hotel and (b) Grand Hyatt Lijiang
"**Hyatt Hotels**"	Hyatt Hotels Corporation, a corporation organised and existing under the laws of the State of Delaware in the U.S. and the common stock of which is listed on the New York Stock Exchange (ticker: H) and an independent third party
"**Hyatt Regency Chongming Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — Hyatt Regency Chongming Hotel Management Agreement"*
"**independent third party**"	any party who is not connected (within the meaning of the Listing Rules) with any director, chief executive or substantial unitholder or shareholder of Jinmao Investments, the Trustee-Manager, the Company or any of their respective subsidiaries or an associate of any of them
"**Individual Lease Agreements**"	the individual lease agreements entered into, or to be entered into, by members of the Sinochem Conglomerate and the Franshion Group with the Group for office space in Jin Mao Tower, which may from time to time be renewed

"**International Offer Share Stapled Units**"	the 540,000,000 Share Stapled Units initially being jointly offered by Jinmao Investments and the Company pursuant to the International Offering (subject to reallocation as described in *"Structure of the Global Offering"*) together with, where relevant, up to an additional 90,000,000 Share Stapled Units which may be sold by Franshion pursuant to any exercise of the Over-allotment Option
"**International Offering**"	the offer of the International Offer Share Stapled Units (a) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act or (b) outside the United States in offshore transactions in reliance on Regulation S, for subscription or purchase (as the case may be) at the Offer Price, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in *"Structure of the Global Offering"*
"**International Underwriters**"	the underwriters named in the International Underwriting Agreement, being the underwriters of the International Offering
"**International Underwriting Agreement**"	the underwriting agreement relating to the International Offering to be entered into among the Trustee-Manager, the Company, Franshion, the Joint Global Coordinators and the International Underwriters on or about the Price Determination Date, as further described in *"Underwriting"*
"**IRD**"	the Hong Kong Inland Revenue Department
"**Jin Mao Advertising**"	Shanghai Jin Mao Tower Advertising Company Limited (上海金茂大廈廣告有限公司), a company incorporated in the PRC with limited liability on 2 September 1998 and following the completion of the Reorganisation, an indirect wholly-owned subsidiary of Franshion
"**Jin Mao Auto Hire**"	Shanghai Jin Mao Auto Hire Company Limited (上海金茂汽車租賃有限公司), a company incorporated in the PRC with limited liability on 19 June 1995 and is a 90% subsidiary of Jin Jiang Automobile, with the remaining 10% held by an independent third party
"**Jin Mao Hainan**"	Jin Mao Hainan Investment Company Limited (金茂(海南)投資有限公司), a company incorporated in the PRC with limited liability on 21 August 2003 and an indirect wholly-owned subsidiary of the Company

"Jin Mao (Li Jiang)"	Jin Mao (Li Jiang) Hotel Investment Company Limited (金茂(麗江)酒店投資有限公司), a company incorporated in the PRC with limited liability on 12 March 2008 and an indirect wholly-owned subsidiary of the Company
"Jin Mao Sanya Resort Hotel"	Jin Mao Sanya Resort Hotel Company Limited (金茂(三亞)度假酒店有限公司), a company incorporated in the PRC with limited liability on 29 August 2003 and an indirect wholly-owned subsidiary of the Company
"Jin Mao Sanya Tourism"	Jin Mao Sanya Tourism Company Limited (金茂(三亞)旅業有限公司), a company incorporated in the PRC with limited liability on 23 March 2004 and an indirect wholly-owned subsidiary of the Company
"Jin Mao (Shanghai) Real Estate"	Jin Mao (Shanghai) Real Estate Company Limited (金茂(上海)置業有限公司), a company incorporated in the PRC with limited liability on 18 December 2008 and a wholly-owned subsidiary of Franshion
"Jin Mao Shenzhen"	Jin Mao Shenzhen Hotel Investment Company Limited (金茂深圳酒店投資有限公司), a company incorporated in the PRC with limited liability on 2 June 1993 and an indirect wholly-owned subsidiary of the Company
"Jin Mao Trademark Transfer Agreement"	the trademark transfer agreement dated 25 March 2014 entered into between China Jin Mao (Group) and Franshion (Shanghai) in relation to the transfer of the Jin Mao Trademarks by China Jin Mao (Group) to Franshion (Shanghai)
"Jin Mao Trademarks"	the "Jin Mao", "金茂" and "J-Life" registered trademarks which will be transferred to Franshion (Shanghai) pursuant to the Jin Mao Trademark Transfer Agreement
"Jin Mao Tower"	Jin Mao Tower, a mixed-use development comprising Grand Hyatt Shanghai and office, retail and tourist areas
"Jinmao Investments"	Jinmao Investments (金茂投資), as constituted pursuant to the Trust Deed and as if the Reorganisation had been completed

"Jin Jiang Automobile"	Shanghai Jin Mao Jin Jiang Automobile Service Company Limited (上海金茂錦江汽車服務有限公司), a company incorporated in the PRC with limited liability on 11 January 1996 and a 50% joint venture company owned by China Jin Mao (Group), with the remaining 50% owned by an independent third party
"Joint Bookrunners"	Deutsche Bank AG, Hong Kong Branch, Morgan Stanley Asia Limited, DBS Asia Capital Limited, The Hongkong and Shanghai Banking Corporation Limited, Standard Chartered Securities (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C., J.P. Morgan Securities (Asia Pacific) Limited (in relation to the Hong Kong Public Offering) and J.P. Morgan Securities plc (in relation to the International Offering)
"Joint Global Coordinators"	Deutsche Bank AG, Hong Kong Branch, Morgan Stanley Asia Limited, DBS Asia Capital Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Securities (Hong Kong) Limited
"Joint Registered Holders of Share Stapled Units"	such persons for the time being entered in the Share Stapled Units Register as joint holders in respect of a Share Stapled Unit
"Joint Registered Holders of Units"	such persons for the time being entered in the Units Register as joint holders in respect of a Unit
"Joint Sponsors"	Deutsche Securities Asia Limited and Morgan Stanley Asia Limited
"JW Marriott Hotel Shenzhen Hotel Management Agreement"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — JW Marriott Hotel Shenzhen Hotel Management Agreement"*
"Latest Practicable Date"	13 June 2014, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"LHCIM"	Luxury Hotels (China) International Management of Hong Kong Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary Marriott International and an independent third party
"LIBOR"	London Interbank Offered Rate

"**Linked**"	the matching and linking of each Unit with and to a specifically identified Ordinary Share held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments), so that the Registered Holder of the Unit has a beneficial interest in the specifically identified Ordinary Share and any transfer of the Unit also transfers the beneficial interest in the Ordinary Share, in accordance with the Trust Deed, and "**Linking**" shall be construed accordingly
"**Listing**"	the listing of the Share Stapled Units on the Main Board of the Stock Exchange
"**Listing Committee**"	the listing committee of the Stock Exchange
"**Listing Date**"	the date, expected to be on or about 2 July 2014, on which the Share Stapled Units are first listed and from which dealings in the Share Stapled Units are permitted to take place on the Main Board of the Stock Exchange
"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"**Loan Facility**"	the term loan facility agreement dated 13 June 2014 entered into between the Company and a group of financial institutions, as described in *"Financial Information — Indebtedness — Loan Facility"*
"**Marriott International**"	Marriott International, Inc., a corporation organised and existing under the laws of the State of Delaware in the U.S. and the common stock of which is listed on The NASDAQ Global Select Market (ticker: MAR) and an independent third party
"**Maximum Offer Price**"	HK$5.65 per Offer Share Stapled Unit, being the maximum subscription price in the Offer Price Range
"**Minimum Offer Price**"	HK$5.35 per Offer Share Stapled Unit, being the minimum subscription price in the Offer Price Range
"**mixed-use development**"	a development project which has different major uses, such as hotels, commercial, retail and/or residential uses

"**Non-Qualifying Franshion Shareholders**"	Franshion Shareholders whose names appeared in the register of members of Franshion on the Record Date and whose addresses as shown in such register are in any of the Specified Territories and any Franshion Shareholders or Beneficial Franshion Shareholders at that time who are otherwise known by Franshion to be resident in any of the Specified Territories
"**occupancy rate**"	the aggregate number of room nights sold as a percentage of the total number of room nights available for sale during the relevant period, which may not directly reflect the total rooms in inventory due to renovations or other considerations
"**Offer Price**"	the final offer price per Offer Share Stapled Unit (exclusive of brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) of not more than HK$5.65 and expected to be not less than HK$5.35, such price to be determined by agreement among the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company on or before the Price Determination Date
"**Offer Price Range**"	HK$5.35 to HK$5.65 per Offer Share Stapled Unit
"**Offer Share Stapled Units**"	the Hong Kong Offer Share Stapled Units, the Reserved Share Stapled Units and the International Offer Share Stapled Units, together with, where relevant, any additional Share Stapled Units which may be sold by Franshion pursuant to any exercise of the Over-allotment Option
"**Ordinary Resolution of Registered Holders of Units**"	a resolution proposed and passed as such by a majority being more than 50% of the total number of votes cast for and against such resolution at a meeting of Registered Holders of Units duly convened and held in accordance with the Trust Deed
"**Ordinary Shares**"	ordinary shares with a par value of HK$0.0005 each in the share capital of the Company conferring the rights set out in the Company's Articles

"**Over-allotment Option**"	the option expected to be granted by Franshion under the International Underwriting Agreement to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters), pursuant to which Franshion may be required to sell up to an additional 90,000,000 Share Stapled Units (representing not more than 15% of the number of Offer Share Stapled Units initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, as further described in *"Structure of the Global Offering"*
"**PRC**" or "**China**"	the People's Republic of China, but for the purposes of this prospectus only, except where the context otherwise requires, references in this prospectus to the PRC or China exclude Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"**PRC Government**"	all governmental subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities of the PRC
"**Pre-IPO Dividend**"	the dividend which the Company declared on 13 June 2014 and which is payable to Franshion, details of which are set out in *"History and Reorganisation — The Reorganisation"*
"**Preference Shareholder**"	a person registered at the relevant time in the Principal Register of Members or the Hong Kong Register of Members as the holder of a Preference Share
"**Preference Shares**"	preference shares with a par value of HK$0.0005 each in the share capital of the Company conferring the rights set out in the Company's Articles
"**Preferential Offering**"	the preferential offering to the Qualifying Franshion Shareholders of 80,000,000 Share Stapled Units (representing approximately 13.3% of the Share Stapled Units initially being offered under the Global Offering) as an Assured Entitlement out of the Share Stapled Units being offered under the International Offering at the Offer Price, on and subject to the terms and conditions set out in this prospectus and in the **BLUE** Application Form, as further described in *"Structure of the Global Offering — The Preferential Offering"*

"**Price Determination Date**"	the date, expected to be on or about 25 June 2014, on which the Offer Price will be determined and, in any event, not later than 30 June 2014
"**Principal Register of Members**"	the principal register of members of the Company maintained in the Cayman Islands
"**Project Consulting Agreement**"	the project consulting agreement dated 13 June 2014 entered into between Franshion and the Company
"**Project Consulting Services**"	the project consulting services to be provided by Franshion to Jin Mao (Li Jiang) and Wangfujing Hotel Management pursuant to the Project Consulting Agreement
"**Properties**"	the initial property portfolio of the Group, comprising Jin Mao Tower and the Hotels
"**QIB**"	a qualified institutional buyer within the meaning of Rule 144A
"**Qualifying Franshion Shareholders**"	Franshion Shareholders whose names appeared in the register of members of Franshion on the Record Date, other than Non-Qualifying Franshion Shareholders
"**RCIMC**"	The Ritz-Carlton International Management Company B.V., a company incorporated in the Netherlands with limited liability and a wholly-owned subsidiary of Marriott International and an independent third party
"**Record Date**"	13 June 2014, being the record date for determining the Assured Entitlement of the Qualifying Franshion Shareholders to the Reserved Share Stapled Units
"**Register of Beneficial Interests**"	the register of beneficial interests in the Ordinary Shares which are registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) required to be established and maintained by the Trustee-Manager under the Trust Deed, or by a Registrar appointed by the Trustee-Manager
"**Register of Members**"	the Principal Register of Members, the Hong Kong Register of Members and any other branch register of members of the Company

"**Registered Holders of Share Stapled Units**"	persons registered at the relevant time in the Share Stapled Units Register as holders of Share Stapled Units, including persons so registered as Joint Holders of Share Stapled Units; and the expression "**Registered Holder of a Share Stapled Unit**" and similar expressions shall be construed accordingly. For the avoidance of doubt, references to "**Registered Holders of Share Stapled Units**" and "**Joint Registered Holders of Share Stapled Units**" shall not include CCASS Participants
"**Registered Holders of Units**"	persons registered at the relevant time in the Units Register as holders of Units, including persons so registered as Joint Registered Holders of Units; and the expression "**Registered Holder of a Unit**" and similar expressions shall be construed accordingly
"**Registrar**"	such person as may from time to time be appointed by the Trustee-Manager and/or the Company to, among other things, keep and maintain the Share Stapled Units Register, the Units Register, the Register of Beneficial Interests, the Principal Register of Members and the Hong Kong Register of Members
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**REIT**"	real estate investment trust
"**REIT Code**"	the Hong Kong Code on Real Estate Investment Trusts published by the SFC, as amended or supplemented from time to time
"**Relevant Persons**"	the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters, any of their or the Trustee-Manager's or the Company's respective directors, officers or representatives or any other person involved in the Global Offering
"**Renaissance Beijing Wangfujing Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — Renaissance Beijing Wangfujing Hotel Management Agreement"*
"**rental reversion**"	in respect of any property, the difference between the new rental rate achieved upon lease renewal or entry into a new lease and the expiring or prior rental rate for that property

"Reorganisation"	the reorganisation of the Group in preparation for the Listing, details of which are set out in *"History and Reorganisation — The Reorganisation"*
"Reserved Share Stapled Units"	the 80,000,000 Share Stapled Units being jointly offered by Jinmao Investments and the Company to Qualifying Franshion Shareholders pursuant to the Preferential Offering as an Assured Entitlement, which are to be allocated out of the Share Stapled Units being offered under the International Offering
"RevPAR"	revenue per available room, calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations
"RMB"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"SGHM"	Shanghai Gingerroot Hotel Management Co., Ltd., a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Marriott International and an independent third party
"Shanghai Construction Investment Agreement"	the cornerstone investment agreement dated 13 June 2014 pursuant to which Shanghai Construction has agreed to subscribe or procure its wholly-owned subsidiary to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$155,000,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units), as further described in "*Cornerstone Investors*"
"Shanghai Decoration"	Shanghai Jin Mao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司), a company incorporated in the PRC with limited liability on 18 October 1994 and a wholly-owned subsidiary of Franshion

"**Shanghai Property Management**"	Jin Mao (Shanghai) Property Management Co., Ltd. (金茂(上海)物業服務有限公司), a company incorporated in the PRC with limited liability on 18 September 1995 and an indirect wholly-owned subsidiary of the Company
"**Shanghai Xing Ji**"	Shanghai Xing Ji Investment Consulting Company Limited (上海興稷投資諮詢有限公司), a company incorporated in the PRC with limited liability on 24 July 2012 and a wholly-owned subsidiary of Franshion
"**Share Stapled Units**"	the combination of the following securities or interests in securities which, subject to the provisions in the Trust Deed, can only be dealt with together and may not be dealt with individually or one without the others: (a) a Unit; (b) the beneficial interest in a specifically identified Ordinary Share Linked to the Unit and held by the Trustee-Manager as legal owner (in its capacity as trustee-manager of Jinmao Investments); and (c) a specifically identified Preference Share Stapled to the Unit
"**Share Stapled Units Borrowing Agreement**"	the Share Stapled Units borrowing agreement expected to be entered into on or about the Price Determination Date between the Stabilising Manager (or its affiliate) and Franshion
"**Share Stapled Units Register**"	the register of Registered Holders of Share Stapled Units
"**Share Stapled Units Registrar**"	Computershare Hong Kong Investor Services Limited
"**Shareholders**"	the persons registered at the relevant time in the Principal Register of Members or the Hong Kong Register of Members as the holders of an Ordinary Share and/or a Preference Share
"**Shares**"	the Ordinary Shares and the Preference Shares and a "**Share**" means any of them
"**Shortfall Payment**"	the payment to be made by Franshion to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) pursuant to the Distribution Guarantee and Shortfall Payments Deed if the Actual EBITDA of the Shortfall Payment Hotels for the relevant financial year during the Shortfall Payment Period is less than the Specified EBITDA, as further described in *"Distributions — Shortfall Payments"*

"**Shortfall Payment Hotels**"	the Hotels Under Development and Hyatt Regency Chongming
"**Shortfall Payment Period**"	the financial years ending 31 December 2015, 2016 and 2017
"**Sinochem Conglomerate**"	Sinochem Group and its subsidiaries (excluding the Trust Group and the Franshion Group), being connected persons of Jinmao Investments and the Company
"**Sinochem Framework Lease Agreement**"	the framework lease agreement dated 13 June 2014 entered into between China Jin Mao (Group) and Sinochem Group
"**Sinochem Group**"	Sinochem Group (中國中化集團公司), a state-owned enterprise established in the PRC on 11 August 1981, the ultimate controlling shareholder of Franshion
"**Sinochem Hong Kong**"	Sinochem Hong Kong (Group) Company Limited (中化香港(集團)有限公司), a company incorporated in Hong Kong with limited liability on 1 December 1989 and an indirect subsidiary of Sinochem Group
"**Specified EBITDA**"	the amount of HK$220 million for each financial year during the Shortfall Payment Period, as further described in *"Distributions — Shortfall Payments"*
"**Specified Territories**"	the PRC and the United States
"**sq.m.**"	square metre
"**Stabilising Manager**"	Deutsche Bank AG, Hong Kong Branch
"**standalone hotel**"	a hotel with separate and distinct title documents and in the PRC, this means a separate housing ownership certificate issued by the relevant real estate administrative authority
"**Stapled**"	the means by which each Unit is attached to a specifically identified Preference Share so that one may not be dealt with without the other, in accordance with the Trust Deed, and "**Stapling**" shall be construed accordingly
"**Starwood**"	Starwood Hotels & Resorts Worldwide, Inc., a corporation organised and existing under the laws of the State of Maryland in the U.S. and the common stock of which is listed on the New York Stock Exchange (ticker: HOT) and an independent third party

"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Substantial Holder of Share Stapled Units**"	a holder of 10% or more of the issued Share Stapled Units
"**Takeovers Code**"	The Codes on Takeovers and Mergers and Share Buy-backs published by the SFC, as amended from time to time
"**The Ritz-Carlton Sanya Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — The Ritz-Carlton Sanya Hotel Management Agreement"*
"**The Westin Beijing Chaoyang Hotel Management Agreement**"	has the meaning ascribed to it in *"Appendix III — Key Terms of the Hotel Management Agreements — The Westin Beijing Chaoyang Hotel Management Agreement"*
"**Track Record Period**"	the three years ended 31 December 2013
"**Trust Deed**"	the trust deed dated 13 June 2014 constituting Jinmao Investments and entered into between the Trustee-Manager and the Company
"**Trust Distributable Income**"	has the meaning ascribed to it in *"Distributions — Distribution Policy"*
"**Trust Group**"	Jinmao Investments and the Group
"**Trust Property**"	all property and rights of any kind whatsoever which are held on trust for the Registered Holders of Units, in accordance with the terms of the Trust Deed, including: (a) securities and other rights and interests in the Company acquired by Jinmao Investments; (b) contributions of money to Jinmao Investments and subscription monies for the issuance of Units; (c) the rights in respect of any contract, agreement or arrangement relating to the Authorised Business entered into by and on behalf of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments); and (d) profits, interest, income and property derived from the securities, money and other rights and interests referred to in paragraphs (a) to (c) above

"**Trustee-Manager**"	Jinmao (China) Investments Manager Limited (金茂(中國)投資管理人有限公司), a company incorporated in Hong Kong with limited liability on 20 March 2014 and a wholly-owned subsidiary of Franshion, in its capacity as trustee-manager of Jinmao Investments
"**Trustee-Manager's Articles**"	the articles of association of the Trustee-Manager, as amended from time to time
"**Trustee-Manager Audit Committee**"	the audit committee of the Trustee-Manager
"**Trustee-Manager Board**"	the board of directors of the Trustee-Manager
"**Trustee-Manager Director**"	a director of the Trustee-Manager
"**Trustee Ordinance**"	the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong), as amended or supplemented from time to time
"**Underwriters**"	the Hong Kong Underwriters and the International Underwriters
"**Underwriting Agreements**"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"**Unit**"	an undivided interest in Jinmao Investments, which confers the rights stated in the Trust Deed as being conferred by a Unit (whether in its own right or as a component of a Share Stapled Unit)
"**Unitholders**"	(a) persons registered in the Units Register as holders of Units and includes, for the avoidance of doubt, persons holding Units as components of Share Stapled Units and registered in the Share Stapled Units Register as holders of the Share Stapled Units which include the Units; and (b) where the registered holder of Units is HKSCC Nominees, shall also include, where the context so admits, the CCASS Participants whose CCASS Accounts are deposited with the Units registered in the name of HKSCC Nominees. For the avoidance of doubt, references to "**Registered Holders of Units**" and "**Joint Registered Holders of Units**" shall not include CCASS Participants

"**Units Register**"	the register of Registered Holders of Units required to be established and maintained by the Trustee-Manager under the Trust Deed, or by a Registrar appointed by the Trustee-Manager
"**U.S.**" or "**United States**"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"**U.S. Securities Act**"	the United States Securities Act of 1933, as amended
"**US$**" or "**US dollars**"	United States dollars, the lawful currency of the United States
"**Wangfujing Hotel Management**"	Wangfujing Hotel Management Company Limited (王府井飯店管理有限公司), a company incorporated in the PRC with limited liability on 30 May 2003 and which will be an indirect wholly-owned subsidiary of the Company upon completion of the Reorganisation
"**White Form eIPO**"	the application for Hong Kong Offer Share Stapled Units to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"**White Form eIPO Service Provider**"	Computershare Hong Kong Investor Services Limited
"**WHM**"	Westin Hotel Management L.P., a limited partnership formed under the laws of Delaware, an affiliate of Starwood and an independent third party

In this prospectus, unless the context otherwise requires, the terms "**associate**", "**connected person**", "**connected transaction**", "**controlling shareholder**", "**subsidiary**" and "**substantial shareholder**" shall have the meanings given to such terms in the Listing Rules, as modified by the listing agreement entered into between the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments), the Company and the Stock Exchange. Pursuant to such listing agreement, the Listing Rules are modified to provide, among other things, that the definition of "**connected person**" is extended to include the Trustee-Manager, its directors and controlling shareholder, and any of their associates.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Unless otherwise specified, certain amounts denominated in Renminbi have been converted into Hong Kong dollars at the following exchange rates:

	2011	2012	2013
As at 31 December	RMB1.00 to HK$1.2335	RMB1.00 to HK$1.2333	RMB1.00 to HK$1.2719
Average exchange rate for the year	RMB1.00 to HK$1.2053	RMB1.00 to HK$1.2294	RMB1.00 to HK$1.2517

In addition, certain amounts denominated in US dollars have been converted to Hong Kong dollars at the exchange rate of US$1.00 to HK$7.757 for illustrative purposes only.

Such conversions should not be construed as a representation that amounts in Renminbi or US dollars were or could have been or could be converted into Hong Kong dollars at such rate or any other exchange rate.

The English names of companies incorporated in the PRC are translations of their Chinese names and are included for identification purposes only.

Unless otherwise specified, all references to any holdings of Share Stapled Units following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to the Trust Group.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION AND REPRESENTATION

You should only rely on the information contained in this prospectus and the Application Forms to make your investment decision. None of the Trustee-Manager, the Company or any of the Relevant Persons has authorised anyone to provide you with any information or to make any representation that is different from what is contained in this prospectus. No representation is made that there has been no change or development reasonably likely to involve a change in the Trust Group's affairs since the date of this prospectus or that the information contained in this prospectus is correct as at any date subsequent to its date.

None of the Hotel Managers, its affiliated partnerships or bodies corporate, partners, shareholders, officers, employees or agents of any of them has verified the information contained in this prospectus nor assumes any responsibility for or makes any representation or warranty, express or implied, as to the accuracy, reliability, reasonableness or completeness of any information contained in this prospectus. All such parties, entities and persons expressly disclaim any and all liability, claim, loss or damage (except in the case of fraud) for, or based on, or relating to any such information contained in, or errors or omissions from, this prospectus or based upon or relating to the use of this prospectus by any recipient of it, including any liability or responsibility for any financial statements, projections or other financial information or other information contained in this prospectus or otherwise disseminated in connection with the offer to participate in the investment referred to in this prospectus.

None of the Hotel Managers has had any involvement in the preparation of any part of this prospectus, has authorised or caused the issue of any part of this prospectus nor endorses or underwrites any participation in the investment referred to in this prospectus.

The interests in the investment referred to in this prospectus do not represent an interest in or obligation of any Hotel Manager or any of its affiliated partnerships or bodies corporate. If you participate in the investment referred to in this prospectus, you are not investing in any Hotel Manager or any of its affiliated partnerships or bodies corporate.

All trademarks, trade names or service marks of the Hotel Managers in this prospectus are the exclusive property of the respective Hotel Managers and/or their affiliated partnerships or bodies corporate.

This prospectus contains forward-looking statements. All statements other than statements of historical fact contained in this prospectus, including, without limitation, (a) the discussions of our business strategies, objectives and expectations regarding our future operations, margins, profitability, liquidity and capital resources, (b) the future development of, and trends and conditions in, the property and hospitality industries and the general economy of the PRC in which we operate, (c) our ability to control costs, (d) the nature of, and potential for, the future development of our business and (e) any statements preceded by, followed by or that include words and expressions such as “expect”, “believe”, “plan”, “intend”, “estimate”, “forecast”, “project”, “anticipate”, “seek”, “may”, “will”, “ought to”, “would”, “should” and “could” or similar words or statements, as they relate to the Group or our management, are intended to identify forward-looking statements.

These statements are based on assumptions regarding our present and future business, our business strategies and the environment in which we will operate. These forward-looking statements reflect our current views as to future events and are not a guarantee of our future performance. Forward-looking statements are subject to certain known and unknown risks, uncertainties and assumptions, including the risk factors described in “*Risk Factors*”, which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation, and undertake no obligation, to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or developments or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to our intentions or that of any of the Directors are made as at the date of this prospectus. Any of these intentions may change in light of future developments.

An investment in the Share Stapled Units involves various risks. You should consider carefully all the information set out in this prospectus and, in particular, the risks and uncertainties described below before making an investment in the Share Stapled Units.

As an investment in the Share Stapled Units is meant to produce returns over the long-term, you should not expect to obtain short-term gains. The price of the Share Stapled Units, and the income from them, may rise or fall and may not fully reflect the underlying net assets attributable to them. You may not get back your original investment and you may not receive any distributions.

The occurrence of any of the following events could materially and adversely affect our business, financial condition, results of operations or prospects. If any of these events occurs, the trading price of the Share Stapled Units could decline and you may lose all or part of your investment. You should seek professional advice from your relevant advisers regarding your prospective investment in the context of your particular circumstances.

We believe that there are certain risks and uncertainties involved in or with our operations, business strategies and corporate structure, the hospitality and property industries and an investment in the Share Stapled Units, some of which are beyond our control.

We have categorised these risks and uncertainties as follows: (a) risks relating to the amount and stability of the distributions and factors which will enhance the DPU, (b) risks relating to the valuation of the Properties and the market outlook, (c) risks relating to our relationship with Franshion, (d) risks relating to our business and operations, (e) risks relating to the hospitality and property industries in the PRC, (f) risks relating to conducting business in the PRC, (g) risks relating to the structure of Jinmao Investments and the Company and (h) other risks relating to an investment in the Share Stapled Units.

A. RISKS RELATING TO THE AMOUNT AND STABILITY OF THE DISTRIBUTIONS AND FACTORS WHICH WILL ENHANCE THE DPU

The Trustee-Manager may not be able to pay or maintain distributions to Holders of Share Stapled Units and such distributions may not be stable as they are dependent on a number of factors, including the financial performance of the Properties and the ability of the Group and its members to generate sufficient profits.

The Trustee-Manager will rely on the receipt of dividends, distributions and other amounts from the Company to make distributions (on behalf of Jinmao Investments) to the Holders of Share Stapled Units. There is no assurance that the Company or other members of the Group will have sufficient distributable profits or reserves in the future to pay dividends or make distributions or other payments to the Trustee-Manager and consequently, there is no assurance as to the ability of the Trustee-Manager to pay or maintain distributions in respect of the Share Stapled Units at any level or that such distributions will be stable.

The ability of members of the Group to pay dividends, make distributions, repay shareholder loans or make loans or other payments to their holding companies and ultimately the Company and, in the case of the Company, to the Trustee-Manager, are dependent upon a number of factors, including those set out below:

- the financial performance of the Properties;

- the business, financial condition, results of operations and cash flows of the members of the Group;
- any operating losses incurred by any member of the Group in any financial year;
- losses arising from a revaluation of any of the Properties or any hotels we acquire in the future as a result of a diminution or impairment in the value of any of such Properties or hotels. If such losses become realised losses, the amount of dividends or other distributions which the relevant hotel company may make could be adversely affected;
- applicable laws, regulations, government policies and measures, which may restrict or adversely impact the payment of distributions or the amount capable of distribution by members of the Group;
- changes in applicable accounting standards, laws, rules and regulations in respect of tax, foreign exchange and the repatriation of funds and corporate laws and regulations in the jurisdictions where the members of the Group are currently incorporated, being the PRC, Hong Kong, the Cayman Islands and the BVI;
- retained cash as a result of depreciation and amortisation being mandatory accounting expenses under applicable accounting standards;
- the amounts paid from the FF&E Reserve which are capitalised, amounts set aside for capital expenditure and adjustments in working capital;
- the terms of the agreements (including the Hotel Management Agreements) to which the members of the Group are or may become party;
- compliance with financial undertakings and covenants imposed under the Loan Facility and the Group's future indebtedness which may require us to set aside amounts which would otherwise be available for distribution or restrict us from paying any dividend or distribution; and
- the funding requirements of the Group, taking into account the prevailing business environment and operations, expansion plans, the availability of financing, repayment of credit facilities, capital management considerations, the overall stability of distributions and the prevailing industry practice.

The Group is also required to pay basic management fees and incentive fees under the Hotel Management Agreements, which are calculated by reference to the revenue and gross operating profit of the relevant hotel, and certain group services and benefits-related fees, and therefore such fees (other than the incentive fees) will be payable even if the Hotels are not profitable. In addition, the amount of Group Distributable Income will be reduced by, among other things, the repayment of debt and, at the discretion of the Company Directors, changes in working capital, the amounts paid from the FF&E Reserve which have been capitalised and the amounts set aside for capital expenditure, future debt service and/or compliance with covenants in any credit facility agreement.

The occurrence of, or any adverse change in, any of these or other factors may materially limit the amount of dividends, distributions and other amounts received by the Trustee-Manager from the Company and consequently, there is no assurance as to the ability of the Trustee-Manager to pay or maintain distributions in respect of the Share Stapled Units or that such distributions will be stable. See *"Distributions"* for further details.

The revenue generated by hotels could be more volatile, due to seasonality and other factors, when compared to other types of real estate assets.

We derive a significant portion of our revenue from our hotel operations. Hotel guests are short-term occupants of the hotel rooms and hotel occupancy rates and room rates are subject to a high degree of variability due to seasonal factors and the nature of the hotel business, which generally does not have occupants who are committed to medium and long-term contractual rental payments. Based on our historical results, the Hotels located in cities generally benefit from strong demand for hotel rooms in the second and third quarters of the calendar year, while demand for hotel rooms in our two resort hotels in Sanya increases during the New Year and Chinese New Year holidays. In addition, a significant portion of our revenue is generated by our food and beverage business, including banqueting services, and demand for our banqueting services typically increases on dates and in years that are believed to be auspicious under the Chinese lunar calendar. Accordingly, the revenue generated by hotels (including the Hotels) could be more volatile when compared to other types of real estate assets (such as office buildings) which are leased to tenants for the medium-term or long-term and which ensure greater stability of revenue. If we experience volatility in our revenue, it could negatively impact our results of operations and ability to make distributions to Holders of Share Stapled Units. See *"Business — Seasonality"* for further details.

Our ability to distribute dividends may be affected by our high level of indebtedness and the repayment of the Loan Facility.

We maintain a certain level of indebtedness to finance our operations and capital expenditures. As at the Listing Date, our aggregate borrowing level (not including the amount which may be drawn down under the Loan Facility) is expected to be approximately RMB4,060 million. In preparation for the Reorganisation, the Company has entered into the Loan Facility with a group of participating financial institutions. The Loan Facility will mature three years from the date of the agreement for the Loan Facility and is repayable in full upon final maturity. In order to comply with the financial undertakings and covenants imposed under the Loan Facility and to service any current or future indebtedness, we may be required to set aside amounts which would otherwise be available for distribution and/or may also be restricted from paying any dividend or distribution. As the Trustee-Manager will rely on the receipt of dividends, distributions and other amounts from the Company to make distributions (on behalf of Jinmao Investments) to the Holders of Share Stapled Units, there can be no assurance as to the ability of the Trustee-Manager to pay or maintain distributions in respect of the Share Stapled Units at any level or that such distributions will be stable.

The Distribution Guarantee and the Shortfall Payments are yield enhancement mechanisms which will have the effect of enhancing the distributions paid to Holders of Share Stapled Units and will only apply for a limited period of time. When the Distribution Guarantee and the Shortfall Payments are no longer available, the DPU and/or the price of the Share Stapled Units may be adversely affected.

Immediately following the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue (assuming the Over-allotment Option is not exercised).

Franshion has agreed that if the Trust Distributable Income in respect of the period from the Listing Date to 31 December 2014 is less than the Distribution Guarantee Amount (being HK$481 million assuming the Listing Date is 2 July 2014), it will pay to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) an amount equal to the difference between the Distribution Guarantee Amount and the Trust Distributable Income. The Distribution Shortfall Payment (if any) will be aggregated with the Trust Distributable Income and will be paid by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion). See *"Distributions — Distribution Guarantee"* for further details.

To enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the Shortfall Payment Hotels, Franshion has also agreed that if the Actual EBITDA of the Shortfall Payment Hotels in any financial year during the Shortfall Payment Period is less than the Specified EBITDA (being HK$220 million), Franshion will pay to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) an amount equal to the difference between the Specified EBITDA and the Actual EBITDA for that financial year (that is, the Shortfall Payment) up to an aggregate maximum amount to be paid of HK$300 million for the Shortfall Payment Period. The Shortfall Payment for the relevant financial year (if any) will be aggregated with the Trust Distributable Income for that financial year and will be paid by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion). See *"Distributions — Shortfall Payments"* for further details.

The Distribution Guarantee will guarantee the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 only and the Shortfall Payments (if any) will elevate the amounts available for distribution to the Holders of Share Stapled Units to a level which is higher than would otherwise be the case based solely on the Group Distributable Income for the financial years ending 31 December 2015, 2016 and 2017. When the Distribution Guarantee and the Shortfall Payments are no longer available, the DPU and/or the price of the Share Stapled Units may be adversely affected.

The Trust Group and the investors are exposed to counterparty risk with respect to Franshion in relation to the Distribution Guarantee and the Shortfall Payments. If and to the extent that the Distribution Shortfall Payment and the Shortfall Payments are required to be paid and Franshion fails or is unable to meet its obligations to pay such amounts in part or in whole, the DPU and/or the price of the Share Stapled Units may be adversely affected.

B. RISKS RELATING TO THE VALUATION OF THE PROPERTIES AND THE MARKET OUTLOOK

The prices at which the Properties may be sold in the future may differ from their respective market values as determined by DTZ, the independent property valuer. Such market values were based on certain assumptions which may be subject to changes and such market values may or may not be realised, particularly the assumptions relating to occupancy rates, average room rates and average rental rates and the market outlook information prepared by DTZ, the independent market research consultant.

The valuation of each Property prepared by DTZ, the independent property valuer, is set out in *"Appendix IV — Property Valuation"*. DTZ used a discounted cash flow analysis and the direct comparison method to conduct its valuation of the Properties. The valuations were based on certain assumptions and required a subjective determination of certain factors relating to the relevant Property, such as its relative market position, financial and competitive strengths and physical condition.

You should note that the analysis used by DTZ for the valuation of each Property was based on key assumptions (which have been extracted from *"Appendix IV — Property Valuation"* and set out in *"Summary — Valuation of the Properties"*). DTZ made reference to the market outlook information prepared by DTZ, the independent market research consultant, which is set out in "*Appendix V — DTZ Market Report*", in arriving at its assumptions relating to occupancy rates, average room rates and average rental rates. You should note that the market outlook information prepared by DTZ, the independent market research consultant, is itself based on certain assumptions which required a subjective determination of certain factors relating to the PRC market which may or may not be realised. The assumptions made by DTZ may not lead to accurate measures of the market or be correct and the valuation of each Property may not be accurate. In addition, the market value of any of the Properties or any hotel we acquire in the future is not an indication of, and does not guarantee, a sale price at that value at present or in the future. The price at which any of the Properties or any hotel we acquire in the future may be sold could therefore be lower than its market value or the price which we paid to acquire that Property or hotel which could result in a loss. Further, a decline in the PRC real estate market, unforeseen changes to national or local economic conditions or adaptation and application of PRC Government policies aimed at "cooling-off" the PRC property market could have a material and adverse effect on the value of the Properties and any hotels we acquire in the future and our business, financial condition and results of operations.

Our results of operations during the Track Record Period include revaluation adjustments which are unrealised and the future fair value of the Properties may fluctuate.

Under HKFRS, the gains and losses arising from changes in the fair value of the investment properties held by us are included in our statements of profit and loss for the period in which they arise and we are required to reassess the fair value of our investment properties at the end of each reporting period in our financial statements.

For FY2011, FY2012 and FY2013, we had fair value gains on investment properties of HK$157.0 million, HK$460.5 million and HK$843.1 million, respectively, accounting for 30.8%, 58.0% and 61.6% of our profit before tax for the same periods, respectively. The changes in fair value during the Track Record Period and the reasons for such changes are set out in *"Financial Information — Specific Factors Affecting Our Results of Operations — Fair Value of Investment Properties"*.

These adjustments reflected unrealised capital gains on our investment properties as at the relevant reporting dates which neither generated cash nor changed our overall cash position. The amount of revaluation adjustments of our investment properties has been, and the amount of revaluation adjustments of our investment property will continue to be, subjective assessments of the fair value and subject to market fluctuations. We cannot assure you that changes in market conditions (if any) will continue to create fair value gains on our investment properties at previous levels, or at all, that the fair value of our investment properties will not decrease in the future or that the value of our investment properties will increase substantially, or at all. In particular, the fair value of our investment properties could decline in the event that, among other things, the real estate industry experiences a downturn. Any decrease in the fair value of our investment properties could lead to a decrease in the fair value gains on investment properties in our statements of comprehensive income which could adversely affect our financial performance.

C. RISKS RELATING TO OUR RELATIONSHIP WITH FRANSHION

Conflicts of interest may exist between us and the Franshion Group.

The Franshion Group is principally engaged in property development, sales of office, retail, mixed-use developments and residential properties, owning and operating office buildings, retail properties, commercial complexes and mixed-use developments and the construction and sale of hotels. In addition to its interests in the Trust Group, the Franshion Group has interests in other real estate assets and several other hotels in the PRC and may acquire more real estate assets, all of which may compete with the Properties and any hotels we acquire in the future.

Subject to the terms of the Hotel Arrangements, the Franshion Group may operate and/or invest in additional hotels, whether under the "Grand Hyatt", "Hyatt Regency", "Westin", "JW Marriott", "Ritz-Carlton", "Hilton" or "Renaissance" hotel brands or otherwise in the PRC which may compete with the Hotels or any future hotels we acquire. The Hotel Arrangements may not effectively minimise conflicts with the Franshion Group (see the risk factor below headed *"— The Hotel Arrangements may be terminated and we may be unable or decline to acquire hotels pursuant to the Hotel Arrangements"*). As at the Latest Practicable Date, the Franshion Group had a 51% interest in Westin Nanjing and interests in two other hotels which are still under development and construction. These investments and operations could compete for guests with the Hotels and any hotels we acquire in similar areas in the future.

The Franshion Group may, in the future, sponsor, manage or invest in other trusts, REITs, property funds, hotel managers or other vehicles which may compete, directly or indirectly, with the Group. We have in the past been reliant on the Franshion Group which will, immediately following the Global Offering, be our Controlling Holder of Share Stapled Units. Due to its past and ongoing relationship with the Group, the Franshion Group may also have sensitive information about our operations, business strategy, financial information and customer information which is not freely available to the public and which may give it advantages over other competitors. There is no assurance that competition for business or other conflicts of interest will not arise between us and the Franshion Group in the future, or that the Franshion Group will not prefer its own interests over our interests, whether in relation to acquisitions of additional properties or property-related investments, hotel management and services or competition for guests, whether in the PRC or elsewhere. These and the other conflicts discussed above may have a material and adverse effect on our business, financial condition and results of operations. See *"Relationship with Franshion"* for further details.

We may not be able to leverage the Franshion Group's experience in the hospitality and property industries.

Immediately following the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue (assuming the Over-allotment Option is not exercised). While Franshion has agreed to a lock-up period of six months following the Listing Date pursuant to which it will not, and will procure that the relevant registered holder(s) will not, sell any Share Stapled Units and Franshion has agreed to a further lock-up period of six months thereafter pursuant to which it will not sell any Share Stapled Units which will result in it holding less than 30% of the Share Stapled Units in issue, there is no assurance that Franshion will not, directly or indirectly, dispose of some or all of its Share Stapled Units following the expiry of such lock-up periods.

If Franshion disposes of some or all of its Share Stapled Units, we may not be able to leverage the Franshion Group's financial strength, experience, market reach and network of contacts in the hospitality and property industries to further our growth as the Franshion Group's incentive to assist us would be reduced as a result of its lower financial interest in us.

In addition, if Franshion disposes of some or all of its Share Stapled Units such that it ceases to hold 30% or more of the Share Stapled Units in issue, the non-compete undertaking provided by Franshion and the Hotel Arrangements will terminate, which may therefore adversely affect our ability to implement our acquisition growth strategy and potentially expose our business to direct competition with the Franshion Group in the PRC (see the risk factor below headed *"— The Hotel Arrangements may be terminated and we may be unable or decline to acquire hotels pursuant to the Hotel Arrangements"*). This may have a material and adverse effect on our business, financial condition and results of operations.

In addition, the Franshion Group is engaged in the investment, operation and/or management of other hotels and other real estate assets which may compete with the Properties. Conflicts of interest with any other member of the Franshion Group may limit our ability to leverage the Franshion Group's experience in the hospitality and property industries. See the risk factor above headed *"— Conflicts of interest may exist between us and the Franshion Group"*.

Franshion, whose interests in our business may be different from the interests of other Holders of Share Stapled Units, will be able to exercise significant influence over certain of our activities.

Immediately following the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue (assuming the Over-allotment Option is not exercised). Franshion will therefore be in a position to exercise significant influence over matters which require the approval of Holders of Share Stapled Units. The interests of Franshion may not necessarily be aligned with the interests of other Holders of Share Stapled Units and the actions of Franshion could favour its own interests over the interests of other Holders of Share Stapled Units, which could have a material and adverse effect on our business, financial condition and results of operations.

The Hotel Arrangements may be terminated and we may be unable or decline to acquire hotels pursuant to the Hotel Arrangements.

Pursuant to the Hotel Arrangements, Franshion has agreed to (a) grant a call option to the Company to acquire, as well as offer to sell to the Company if it receives an offer from a third party for, its interests in certain hotels and (b) offer the Company the opportunity to participate in any investment opportunities to acquire certain hotels which the Franshion Group receives. See *"Relationship with Franshion — Hotel Arrangements"* for further details.

The Hotel Arrangements will commence on the Listing Date and will terminate on the earlier of:

- the date on which Franshion, directly or indirectly, is interested in less than 30% of the Share Stapled Units in issue; and

- the date on which the Share Stapled Units cease to be listed on the Stock Exchange.

The Company may not have sufficient financial resources to enable it to acquire a relevant hotel or hotels pursuant to the call option or the acceptance of an offer by Franshion and, in respect of newly completed hotels, the Company may not exercise such right as newly completed hotels may require high capital investments for refurbishment and branding. See the risk factor below headed *"— Risks Relating to Our Business and Operations — We may not make successful strategic investments and acquisitions"*. If the Hotel Arrangements terminate, or if the Company is unable to fund an acquisition it is entitled to make pursuant to the Hotel Arrangements, this may affect our ability to implement our acquisition growth strategy. Further, if we decline or fail to make an acquisition of a hotel pursuant to an investment opportunity offered under the Hotel Arrangements, the Franshion Group will be permitted to acquire such hotel, thereby increasing the risk of conflicts of interest between us, on the one hand, and the Franshion Group, on the other hand. See the risk factor above headed *"— Conflicts of interest may exist between us and the Franshion Group"*. Any of the foregoing could have a material and adverse effect on our business, financial condition and results of operations.

D. RISKS RELATING TO OUR BUSINESS AND OPERATIONS

Our revenue is derived mainly from a limited number of Hotels and one mixed-use development.

Our revenue from our operations has primarily been derived from a limited number of Hotels and one mixed-use development, being Jin Mao Tower (comprising Grand Hyatt Shanghai and office, retail and tourist areas). We will not derive any revenue from the Hotels Under Development until their commencement of operations. Any event or factor that has an adverse effect on the operations or business of any of these Properties may adversely affect our total revenue. In addition, as all of these Properties are located in the PRC, we are more susceptible to market conditions in the PRC. This concentration risk may result in a higher level of risk as compared to other companies that have more properties which are located in different geographical locations or which have a more diverse range of investments or assets.

The occupancy rates and other performance indicators at Renaissance Beijing Wangfujing Hotel, Grand Hyatt Lijiang and Hyatt Regency Chongming may be lower during the initial ramp-up periods.

Newly opened and finalised hotels often require a ramp-up period before they are able to reach their anticipated performance levels. Hyatt Regency Chongming opened in March 2014 and we expect Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang to commence operations by the end of 2014. During the initial ramp-up period of these hotels, their occupancy rates, RevPAR levels and/or other performance indicators may be significantly lower than that which they are able to achieve in the future and may even result in net losses. Such reduced figures (or net losses), which are not necessarily indicative of the future performance of these hotels, may have a material and adverse effect on our average occupancy rates and RevPAR levels. In addition, any negative impact on the Group's operating and financial performance as a result of such initial ramp-up period may impact the amount the Company is able to distribute to the Trustee-Manager, which may in turn reduce the level of distributions which the Trustee-Manager (on behalf of Jinmao Investments) may make to the Holders of Share Stapled Units.

The impact of the pre-opening expenses of the Hotels Under Development and interest expenses incurred on the Loan Facility may significantly reduce our profit in FY2014.

Prior to the commencement of operations at a new hotel, we are required to incur pre-opening expenses in order to prepare for the opening. Hyatt Regency Chongming opened in March 2014 and we expect Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang to commence operations by the end of 2014. We anticipate that the commencement of operations at these Hotels will require that we recognise significant pre-opening expenses in FY2014. Such amounts are expected to be RMB162 million. In addition, we also expect in FY2014 to incur interest expenses on the Loan Facility. As a result of the foregoing, and without giving effect to any fair value change in our investment properties in FY2014, our profit for the year in FY2014 may decrease significantly, the occurrence of which may materially and adversely affect our business, financial condition, results of operations and prospects. Such reduced profit for the year should not impact our distributions for the period from the Listing Date to 31 December 2014 as a result of the Distribution Guarantee, which provides for a minimum yield and distribution for that year.

We may face delays in completing the Hotels Under Development.

We have two Hotels Under Development, being Renaissance Beijing Wangfujing Hotel (which is currently undergoing renovations) and Grand Hyatt Lijiang (which is currently under development and construction). Both Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are expected to commence operations by the end of 2014. The completion of these Hotels can be adversely affected by many factors, including, but not limited to:

- relocation of existing residents and/or demolishment of existing structures;
- shortages of construction and building materials, equipment, contractors or skilled labour;
- construction accidents;
- natural catastrophes; and
- adverse weather conditions.

We may also encounter delays or may not be able to obtain all necessary governmental and regulatory licences, permits, approvals and authorisations for the Hotels Under Development. The Hotels Under Development may be subject to construction risks which include, among other things, default by contractors or other third party providers of their obligations or financial difficulties faced by such persons, all of which could cause a delay in construction. Any delay in the completion of the Hotels Under Development could lead to increased construction costs.

Further, if the construction or renovation of these Hotels is not completed on time, revenue generation from these Hotels could be delayed. There is no assurance that we will not experience any delays in completion, delivery or operation or that we will not be exposed to liability or revenue shortfalls for any such delays in the future. Any delay in completion or failure to complete these Hotels according to the specifications, schedule or budget may materially and adversely affect our business, financial condition and results of operations.

The Properties and any hotels we acquire in the future may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, replacements, investments of a capital nature and/or the redevelopment or renovation of the Properties or neighbouring properties.

The Properties and any hotels we acquire in the future may require repairs, replacements and investments of a capital nature which may require significant capital expenditures. The Properties may also need to undergo renovation or redevelopment works from time to time to retain their attractiveness and may also require maintenance or repairs in respect of faults or problems that may develop or because of new planning laws or regulations.

For example, we incurred significant capital expenditure costs in connection with renovations and improvements at the Renaissance Beijing Wangfujing Hotel and room renovations at Grand Hyatt Shanghai during the Track Record Period. We also incurred significant investments in connection with the development and construction of Grand Hyatt Lijiang and Hyatt Regency Chongming during the Track Record Period. In addition, Hilton

Sanya Resort and Spa is expected to undergo significant renovations commencing at the end of 2014 and lasting for a period of two years. Such repairs, replacements, investments, redevelopments or renovations of the Properties and/or any hotels we acquire in the future may have a material and adverse impact on our ability to attract tenants at Jin Mao Tower and hotel guests and customers for our restaurants and event facilities at the Hotels and in some circumstances may require the partial or complete closure of a hotel or the restaurants or other facilities within a hotel. As a result, during the period of any such repairs, replacements, investments, redevelopments or renovations, we may experience a reduction in the occupancy rates, rental income and/or average room rates of the Properties and/or any hotels we acquire in the future and/or the number of customers using our restaurants and catering facilities. The costs of maintaining the Properties and/or any hotels we acquire in the future will reduce our profits and in turn, the amount the Company is able to distribute to the Trustee-Manager, which may reduce the level of distributions which the Trustee-Manager (on behalf of Jinmao Investments) is able to make to the Holders of Share Stapled Units.

In addition, if we are unable to fund all of our actual capital expenditures, a significant increase in capital expenditures could affect our financial position and cash flow. The impact on our financial position will depend on whether the excess capital expenditures are funded by cash from operations, debt, equity or a combination of the above. The use of cash from operations could reduce the amounts available for distribution to the Holders of Share Stapled Units, the use of debt would increase finance costs and the use of equity or equity-linked securities would result in dilution to existing Holders of Share Stapled Units. In addition, an increase in capital expenditures such as those related to ongoing renovations would negatively impact our taxable income due to the recognition of increased depreciation of capital expenditures.

Furthermore, there can be no assurance that any buildings neighbouring any of the Properties or any hotels we acquire in the future will not be demolished or redeveloped for alternative uses, which may cause disruption to the Properties or any hotels we acquire in the future. This may in turn negatively impact the revenue, attractiveness and valuation of the Properties or any hotels we acquire in the future. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with the Properties and/or any hotels we acquire in the future.

The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition and results of operations.

We rely on the brands and reputation of the Hotels and may be affected by adverse developments or negative publicity.

Our ability to attract and retain guests depends, to an extent, upon external perceptions of the brands of the Hotels as well as the quality of the Hotels and their services. The Hotels are branded and marketed as “Grand Hyatt”, “Hyatt Regency”, “Westin”, “JW Marriott”, “Ritz-Carlton”, “Hilton” and “Renaissance” branded hotels in accordance with and subject to the terms of the relevant Hotel Management Agreements. Although we own the Hotels and operate all of our “Grand Hyatt”, “Hyatt Regency”, “Westin”, “JW Marriott”, “Ritz-Carlton”, “Hilton” or “Renaissance” branded hotels through the Hotel Managers, we have no control over how similarly branded hotels not owned by us are operated. Any degradation or adverse market developments relating to these hotel brand names or any negative publicity affecting one or more of these similarly branded hotels not owned by us could adversely affect the attractiveness of the Hotels and therefore have a material and adverse effect on our business, financial condition and results of operations.

We rely on the Hotel Managers to manage the day-to-day operations of the Hotels pursuant to the Hotel Management Agreements.

Pursuant to the Hotel Management Agreements, the relevant Hotel Manager manages the day-to-day operations and marketing of the Hotels. See *"Appendix III — Key Terms of the Hotel Management Agreements"* for further details on the expiration dates and key terms of each Hotel Management Agreement. The Hotel Management Agreements can generally be terminated by the non-defaulting party upon default by the other party in payment or unremedied failure to comply with the terms of the agreements. Typically, the parties have certain rights to cure a default to avoid termination.

If any of the Hotel Management Agreements is terminated prior to its expiration, we may experience disruptions to our operations while we seek to replace the relevant Hotel Manager. Moreover, we may incur additional costs associated with finding and retaining a new hotel manager. A replacement hotel manager may charge fees which are not comparable in nature to, or are higher than, those charged by the existing Hotel Managers under the relevant Hotel Management Agreements. In addition, the relevant Hotel would need to be rebranded, which would likely involve substantial initial outlay for the marketing, refurbishment, branding and hospitality items and fixtures and furniture of the Hotel, and it may take several years for a successful operation to be re-established under the new branding. The disruption and costs associated with termination of a Hotel Management Agreement may be significant as the current Hotel Managers have managed the Hotels under the respective hotel brands since they commenced operations.

Since the day-to-day operations and marketing of the Hotels are managed by the Hotel Managers, we are dependent on the Hotel Managers to manage such functions for the Hotels and are exposed to risks which are beyond our control, including the Hotel Managers or their parent companies suffering from financial difficulties. Any actions of the Hotel Managers considered to be improper by the public may lead to negative publicity and media attention, which may damage the reputation of the Hotels. In addition, each of the Hotel Managers enjoys certain benefits as a member of respected global brands in the hospitality industry, such as the ability to leverage the knowledge, expertise and networks of its group with regard to property and asset management. There is no assurance that these benefits would continue should we change hotel managers. The failure of the Hotel Managers to manage the Hotels in an efficient and effective manner could have a material and adverse effect on our business, financial condition and results of operations.

Contractual and other disagreements with third party Hotel Managers could make us liable to them or result in legal costs and other obligations.

The Hotel Management Agreements require us and the third party Hotel Managers to comply with operational and performance conditions that are subject to interpretation and could result in disagreements or termination of the Hotel Management Agreements. In addition, any contractual or other disagreements with the Hotel Managers may adversely impact our relationships with the Hotel Managers.

Formal dispute resolution would occur through arbitration as provided for in the Hotel Management Agreements. We cannot predict the outcome of any such arbitration, the effect of any adverse arbitration award against us or the amount of any settlement that we may enter into with any party. Should an adverse award be rendered against us or should we be unable to settle any disputes on reasonable or otherwise acceptable terms, our business, financial condition and results of operations could be materially and adversely affected.

We rely on the Hotel Managers for global marketing and advertising services and for their respective global reservation systems.

The Hotel Managers have agreed to provide global marketing and advertising services relating to each of their respective Hotels. The Hotel Managers also connect the Hotels to their respective global reservation systems, which enable guests to book rooms at the Hotels through the internet, a call centre and other centralised reservation platforms as well as provide services that connect the Hotels to travel agents around the world and third party websites via distribution databases.

A portion of marketing and advertising in relation to the "Grand Hyatt", "Hyatt Regency", "Westin", "JW Marriott", "Ritz-Carlton", "Hilton" and "Renaissance" hotel brands and the Hotels, whether in the PRC or overseas, are managed by the Hotel Managers pursuant to the Hotel Management Agreements. The failure of the Hotel Managers to market and advertise the Hotels effectively could have a material and adverse effect on our business, financial condition and results of operations.

Some of the Hotels rely on the global reservation systems for a large proportion of the reservations made at the Hotels. These systems rely on the services of independent third parties and may suffer from disruptions or downtime. If potential guests or agents are unable to make bookings at the Hotels due to the global reservation systems, these potential customers may make bookings at competitor hotels, which could adversely affect the occupancy rates and average room rates of the relevant Hotels.

Any of the above could have a material and adverse effect on our business, financial condition and results of operations.

We rely on the hotel management systems and advanced IT systems of the Hotel Managers.

The Hotel Managers provide and maintain advanced IT systems to monitor the day-to-day operations of the Hotels. These systems allow the Hotel Managers to manage the hotel operations, including the booking, check-in/check-out, collection of hotel payments and charges and turn-around of guest rooms of the respective Hotels. A breakdown or extended disruption of service of these systems could result in the Hotel Managers failing to operate the Hotels in an efficient manner and could impact our cash flow. In addition, any disruptions could result in the improper disclosure of personal data or other confidential information. The disruption and costs associated with repairing or replacing these systems, along with any associated reputational damage, may be significant. We are accordingly exposed to the risk that the Hotel Managers may not effectively maintain or replace the IT systems of the Hotels in a manner that maintains the daily operations of the Hotels or that provides sufficient web security and protection. The failure of the Hotel Managers to maintain these systems effectively could have a material and adverse effect on our business, financial condition and results of operations.

We depend on the retention of our senior management and the quality of personnel supplied by the Hotel Managers.

Our performance depends, in part, upon the continued service and performance of our senior management and the quality of personnel supplied by the Hotel Managers and on our and the relevant Hotel Manager's ability to continue to attract, retain and motivate personnel for the Hotels. The operating performance of the Hotels will depend in part on the quality of services provided by these personnel. These personnel may leave us or the Hotel Managers in the future and may thereafter compete with us. As we only have a small number of members of senior management, these risks are exacerbated because, among other reasons, (a) our members of senior management have no subordinates who could take over their positions in the event of their leaving or otherwise being unable to carry out their duties and (b) it may take a long period of time and be difficult for any replacements for our current members of senior management to become effective due to the lack of subordinates within their respective functions to assist them in familiarising themselves with our business and operations, or if our current members of senior management are not willing or able to provide a period of hand-over to such replacements. In addition, we could also be required to incur increased expenses and costs in order to attract senior management or personnel supplied by the Hotel Managers. If we are unable to replace any departing members of senior management in a timely manner or with individuals equally suited to perform the responsibilities of our current members of senior management, our business, financial condition and results of operations may be materially and adversely affected.

There are risks associated with our debt financing and it is possible that we may not be able to secure sufficient debt financing and/or refinancing.

Under the Loan Facility and under any future debt financing arrangements that we may enter into, we will be subject to risks normally associated with debt financing. Payments of principal and interest on borrowings may result in us having insufficient cash resources to operate our properties and any hotels we acquire in the future. In particular, the interest rates under the Loan Facility and other future borrowings will be subject to the potential impact of any fluctuations in HIBOR, LIBOR, base interest rates set by the PBOC and other relevant interest rates on interest expenses in the future. See the risk factor below headed *"— We are exposed to changes in interest rates"*.

In addition, our level of indebtedness, both under the Loan Facility and under any future debt financing arrangements, could have significant adverse consequences, including, but not limited to, the following: (a) our cash flow may be insufficient to meet our required principal and interest payments which, unless we are able to obtain alternative funding, would result in us defaulting on the Loan Facility and the amounts borrowed under the Loan Facility becoming immediately due and payable, which may in turn potentially result in a default under any other financing arrangements we may enter into; (b) we may be unable to borrow additional funds as needed on favourable terms or at all; (c) we may be unable to refinance our indebtedness, including the Loan Facility, at maturity or the refinancing terms may be less favourable than the terms of the Loan Facility; (d) we may default on our obligations and the lenders or mortgagees may foreclose on the Properties and require a forced sale of the Properties or foreclose on our interests in the entities that own the Properties and require a forced sale of those entities, in which case we may be prohibited from declaring and making any dividend payments to our direct or indirect holding companies and, in the case of the Company, to the Trustee-Manager; (e) we are subject to restrictive covenants in the Loan Facility and may be subject to similar or other restrictive covenants in future loan agreements, which may limit or otherwise adversely affect our operations, such as our ability to incur additional indebtedness, acquire hotels, make certain other investments, make capital expenditures, declare dividends and make other distributions and affirmative and financial covenants, which may require us to set aside funds for maintenance. We also intend to finance all or part of our FF&E payments through debt financing, which may limit our ability to service our FF&E reserve requirement or limit our ability to make distributions in order to ensure that our FF&E obligation is fulfilled; (f) we may breach the financial conditions and/or covenants and/or representations and warranties under the Loan Facility and in future loan agreements, which may entitle the lenders to accelerate our debt obligations and (g) in the future, our default under the Loan Facility and future loan agreements could result in a cross default on our other indebtedness.

If any one of the above events were to occur, our financial condition, results of operations, cash flow, cash available for paying dividends and making distributions and our ability to satisfy our debt service obligations could be materially and adversely affected.

Our indebtedness level could have an adverse effect on our financial condition, diminish our ability to raise additional capital to fund our operations and limit our ability to explore business opportunities. We had net current liabilities during the Track Record Period.

We maintain a certain level of indebtedness to finance our operations. As at 30 April 2014, our total outstanding borrowings amounted to HK$5,399.6 million. Our indebtedness could have an adverse effect on us, for example, by:

- increasing our vulnerability to adverse general economic or industry conditions;
- limiting our flexibility to plan for, or react to, changes in our business or the industry in which we operate;
- limiting our ability to raise additional debt or equity capital in the future or increasing the cost of such funding;
- restricting us from making strategic acquisitions or taking advantage of business opportunities; and
- making it more difficult for us to satisfy our obligations with respect to our debt.

In addition, as our indebtedness will require us to maintain an adequate level of cash flow from operations to satisfy our debt obligations as they become due, any decrease in our cash flow from operations in the future may have a material and adverse effect on our financial condition.

Our net current liabilities were HK$3,603.0 million, HK$3,826.0 million, HK$3,112.6 million and HK$3,058.8 million as at 31 December 2011, 2012 and 2013 and 30 April 2014, respectively. Please see "*Financial Information — Net Current Liabilities*" for further information. We had net current liabilities during the Track Record Period primarily because we utilised short-term liabilities to fund the development of the Properties, which are recorded as long-term assets. There can be no assurance that we will not continue to have a net current liabilities position in the future, which may also have a material and adverse effect on our financial condition.

We may not be able to access capital necessary to fund our current operations and capital expenditure requirements.

The hospitality and property businesses are capital intensive and we may be adversely affected if we are unable to finance our required working capital or capital expenditures. We may also need funding to support the operations, working capital and capital expenditure requirements of the Properties and of any hotels we acquire in the future. For example, the Properties will require periodic capital expenditures, refurbishments, renovation and improvements to remain competitive. We incurred significant capital expenditure costs in connection with renovations and improvements at the Renaissance Beijing Wangfujing Hotel and room renovations at Grand Hyatt Shanghai during the Track Record Period. We also made significant investments in connection with the development and construction of Hyatt Regency Chongming and Grand Hyatt Lijiang during the Track Record Period. Hyatt Regency Chongming opened in March 2014. Both Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are expected to commence operations by the end of 2014. Renovation work for approximately 400 hotel rooms at Grand Hyatt Shanghai was completed by the end of 2013 and it is expected that the renovation work for the remaining rooms will be completed by the end of 2014. In addition, Hilton Sanya Resort and Spa is expected to undergo significant renovations commencing at the end of 2014 and lasting for a period of two years. Acquisitions or development of additional hotels may also require significant capital expenditures.

There is no assurance that we will be able to obtain bank loans or renew existing credit facilities in the future on acceptable terms or at all. Our ability to do so will depend on a number of factors, many of which are beyond our control. For instance, the PRC property market has experienced significant volatility in recent years as a result of the recent deterioration in the PRC's economic growth and credit environment. Similarly, the global economic slowdown has reduced the general demand for properties, including those in the PRC, and as a consequence, banks and other financial institutions have become less willing to make credit available to companies in the property industry. If we are not able to raise new financing or refinance our existing borrowings at maturity on commercially acceptable terms or at all, our liquidity will be adversely affected and, as a result, our business, financial condition and results of operations may also be adversely affected.

In addition, the PRC Government has in the past implemented a number of policy initiatives in the financial sector to further tighten lending requirements both generally and specifically in relation to the property sector. See *"Appendix VI — Regulatory Overview"* for more details on the relevant PRC laws and regulations. There is no assurance that the PRC Government will not introduce further initiatives which may limit our access to bank financing. The terms of certain facilities and other loans of ours may contain covenants which restrict our ability to secure new borrowings. The foregoing and other initiatives introduced by the PRC Government may limit our flexibility and ability to use bank loans or other forms of financing to fund our land acquisitions or property developments and therefore may require us to rely on internally sourced funds or equity financing.

In addition, we may not be able to fund capital expenditures solely from cash from our operating activities since it is the Company Board's intention to distribute (a) 100% of the Group Distributable Income in respect of the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter. Additional equity or debt financing is subject to prevailing conditions in the equity and credit markets and may not be available on favourable terms or at all. In particular, any further debt financing may be at a higher cost of funding than the Loan Facility and there is no assurance that we will be able to borrow funds in the amounts we require or on terms that are favourable to us given our level of indebtedness going forward and the security arrangements under the Loan Facility.

Moreover, any cost overruns or delays could increase our capital expenditure requirements. These additional costs and/or our failure to obtain additional capital on commercially reasonable terms in a timely manner or at all, or the occurrence of any of the above, could have a material and adverse effect on our business, financial condition and results of operations.

We are exposed to changes in interest rates.

The interest rate under the Loan Facility is benchmarked to HIBOR/LIBOR. Our other future borrowings may be subject to the base interest rates set by the PBOC and other relevant interest rates. Changes in interest rates have affected and will continue to affect our financing costs and, ultimately, our results of operations. For FY2011, FY2012 and FY2013, our finance costs amounted to approximately HK$501.8 million, HK$536.2 million, and HK$333.8 million, respectively. We cannot assure you that the interest rates applicable to our existing or future bank loans will not fluctuate significantly. Any increase in these rates will increase our financing costs and may have a material and adverse effect on our business, financial condition and results of operations.

We may not make successful strategic investments and acquisitions.

Our business strategy may require us to make strategic investments and acquisitions. We intend to pursue a strategy of selective acquisitions of hospitality properties in both the PRC and overseas. However, our ability to pursue this external growth strategy successfully will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment criteria, to obtain financing on favourable terms and, where relevant, to obtain the required regulatory approvals.

In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to:

- our lack of experience in operating overseas or in regions outside of the PRC;
- the difficulty of integrating the operations and personnel of the acquired business or company;
- the potential disruption to our ongoing business and the distraction of our management;
- maintaining or entering into new hotel arrangement agreements;
- the difficulty of maintaining uniform standards, controls, procedures and policies;
- the impairment of relationships with employees and customers as a result of the integration of new management and personnel;
- unrevealed potential liabilities associated with the acquired business or company;
- higher than planned requirements to preserve and grow the value of the acquired business or company or, if we are unable to obtain access to such funds, possible loss of value of the acquired business or company;
- adverse effects on our results of operations due to the amortisation of and potential impairment provision for goodwill and other intangible assets associated with acquisitions and losses sustained by the acquired business or company after the date of acquisition; and
- our ability to obtain external funding on commercially acceptable terms, or at all, for our strategic investments and future expansion.

There is no assurance that we will be able to implement our investment strategies successfully or that we will be able to expand our portfolio at any specified rate or to any specified size. We may not be able to make acquisitions or investments on favourable terms or within a desired time frame. In addition, we will be required to take into account the financial covenants and other provisions of the Loan Facility in assessing our ability to make acquisitions, and these may prevent us from making acquisitions that we would otherwise wish to make.

Any future acquisitions of additional hospitality properties may also expose us to the risks and uncertainties associated with investing in real estate generally and hotels in particular. Since these and other risks and uncertainties are beyond our control, distributions may fail to increase or may even decline as a result of any future acquisitions, and any failure by us to implement our external growth strategy successfully could have a material and adverse effect on our business, financial condition and results of operations. Even if we are able to make acquisitions or investments as desired, there is no assurance that we will achieve our intended return on such acquisitions or investments.

If we acquire any hotels in the future, we may wish to appoint one of the Hotel Managers as the hotel manager of such hotels in order to benefit from the Hotel Managers' experience and expertise. However, the Hotel Managers are under no obligation to act as the hotel manager of any hotels we acquire in the future and if none of them agrees to act as the hotel manager, we will need to appoint another hotel manager or manage those hotels ourselves, which may adversely affect the performance of those hotels. Any of these factors could have a material and adverse effect on our business, financial condition and results of operations.

We incur high maintenance and operating costs in operating the Properties, which may increase.

Our business operations utilise a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utilities providers charge us, nor can we easily switch to a different utilities provider. Any price increase or change in pricing structure from these utilities providers could have an adverse effect on our operating costs. Therefore, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs on to our customers.

In addition, operating hotel facilities involves a significant amount of fixed costs which limit our ability to respond to adverse market conditions by minimising costs. Such limitations may have an adverse impact on our profitability when the hospitality industry experiences a downturn and may exacerbate the impact of a decline in occupancy and/or room rates or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, results of operations, financial condition and prospects.

We face certain risks of defects or deficiencies in connection with the Properties and in connection with future acquisitions of hotels.

The Properties and any hotels we acquire in the future may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. In addition, there may be breaches of laws or regulations (including those in relation to real estate) or non-compliance with certain regulatory requirements in respect of the Properties and any hotels we acquire in the future, which our due diligence investigations did not or may not uncover.

The Properties and any hotels we acquire in the future may be affected by contamination or other legal issues which may not previously have been identified and/or rectified. This could give rise to a number of risks, including the risk of prosecution by relevant governmental authorities and the requirement for unbudgeted additional expenditures to remedy such issues, including paying penalties, fines, damages or additional capital expenditures or compliance costs.

If any of the Properties or any hotels we acquire in the future has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of the Properties and any hotels we acquire in the future or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of the Properties and any hotels we acquire in the future and/or the attractiveness to tenants and guests of the Properties and any hotels we acquire in the future.

The operation of the Properties and any properties we acquire in the future require licences and any failure to obtain, renew or obtain the transfer of such licences may adversely affect our operations.

The operation of hotels and office and retail areas is generally subject to various local laws and regulations. Such laws may require us to be licensed and to obtain other approvals to own, operate and lease the Properties. In addition, we are required to obtain a number of licences and permits for our restaurant and catering operations, including general restaurant licenses. Any changes in such laws, rules and regulations may also impact the businesses of the Properties and may result in higher costs of compliance. Further, any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. The occurrence of any of the above circumstances could have an adverse impact on the revenue and profits of the Properties or otherwise adversely affect their operations.

Labour shortages and disruptions could restrict the ability to operate the Hotels or result in increased labour costs that could reduce our profits.

The operation of the Hotels depends on the ability of the Hotels to attract, retain, train, manage and engage a sufficient number of qualified and skilled employees. The Hotels are staffed 24 hours a day, seven days a week. If we are unable to attract, retain, train and engage a sufficient number of qualified and skilled employees under the management of the Hotel Managers, the Hotels' ability to staff the Hotels adequately could be impaired. As staff costs are a major component of the operating expenses of the Hotels, a shortage of skilled labour could also result in higher wages being payable that would increase our labour costs, which could reduce our profits. We have recently experienced wage inflation, and there can be no assurance that wages will not continue to increase in the future.

We may also experience disruptions to the operations of the Hotels due to strikes, labour disputes or other unrest which may adversely affect our business, financial condition and results of operations. Any disruptions due to strikes or other events could impair our customers' ability to use the Hotels' facilities and could adversely affect our business, financial condition and results of operations.

Our rental rates and rental income from Jin Mao Tower are highly sensitive to market fluctuations and conditions.

A part of our property portfolio comprises Jin Mao Tower, which is a mixed-use development with office, retail and tourist areas and Grand Hyatt Shanghai. For FY2011, FY2012 and FY2013, gross rental income from property leasing (primarily derived from Jin Mao Tower) constituted 15.6%, 18.5% and 19.7% of our total revenue, respectively. The office and retail areas of Jin Mao Tower are highly sensitive to property market downturns and other unfavorable events and conditions in the PRC. Our revenue derived from leasing the office and retail areas in Jin Mao Tower and the value of our property investment may be adversely affected by a number of factors, including changes in levels of tenants' demand and preferences, the average market rents, the location and our ability to collect rent on time. We will also have to incur costs in relation to maintenance, repair and re-letting, which may fluctuate substantially, in order to maintain the attractiveness of Jin Mao Tower. In particular, changes in rental rates could adversely impact the amount of rental income we are able to derive from Jin Mao Tower.

For FY2011, FY2012 and FY2013, the average effective rental rates of the leased office area at Jin Mao Tower were HK$10.2, HK$11.4 and HK$12.4 (per sq.m. per day), respectively, and the average effective rental rates at the retail area at Jin Mao Tower were HK$14.5, HK$16.6 and HK$17.9 (per sq.m. per day), respectively. Such increases contributed to the increase in the gross rental income of the Group which increased from HK$417.8 million in FY2011 to HK$490.8 million in FY2012 and further to HK$519.2 million in FY2013. Should average effective rental rates fail to continue to increase in the future, our gross rental income could be materially and adversely affected.

We cannot assure you that the office and retail areas of Jin Mao Tower will continue to generate rental income at historical rates or continue to be successful in the future. Any significant or protracted downturn in the PRC market, and the Shanghai market in particular, may have a material and adverse effect on the profitability and prospects of Jin Mao Tower. If the market rents in Shanghai decline as a result of changes in investor sentiment, government policies, population levels or any other cause, rental rates and the value of Jin Mao Tower may be materially and adversely affected. If there is any downturn in the retail, financial or other industries in which our existing or potential tenants are engaged, or deterioration in general commercial or economic conditions in Shanghai, demand for leasing space at Jin Mao Tower may be materially and adversely affected. If our property leasing business is unable to generate adequate returns, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may not be able to continue to attract and retain quality tenants at Jin Mao Tower.

Jin Mao Tower competes for tenants with a number of other commercial properties in the surrounding areas on the basis of a wide range of factors, including location, design, construction quality and management, rent levels and other lease terms. We rely on securing long-term leases with domestic and foreign tenants across a wide range of industries to maintain the quality and attractiveness of Jin Mao Tower. However, we cannot assure you that our existing and prospective tenants will not lease properties from our competitors. As a result, we may lose tenants to our competitors, resulting in difficulty in renewing leases or in finding new tenants. An increase in the number of competing properties, particularly those in close proximity to Jin Mao Tower, could increase competition for tenants, reduce the relative attractiveness of Jin Mao Tower and force us to reduce our rental rates or incur additional costs in order to enhance our competitiveness. If we are not able to compete effectively for commercial tenants with other property owners or operators, the occupancy rates of the office and retail areas of Jin Mao Tower may decline. If we fail to continue to attract quality tenants or maintain our existing major tenants, the attractiveness and competitiveness of Jin Mao Tower may be adversely affected. This in turn could have a material and adverse effect on our business, financial condition, results of operations and reputation.

The results of operations of the office area of Jin Mao Tower may be materially and adversely affected by the effectiveness of management by Shanghai Property Management, a member of the Group.

Our results of operations depend, to a certain extent, on rental income from leasing office space in Jin Mao Tower to commercial tenants. We rely on Shanghai Property Management, our wholly-owned subsidiary, to provide ancillary property management services to the office area of Jin Mao Tower in a manner satisfactory to us. There is no assurance that the office space of Jin Mao Tower will continue to be effectively managed, maintained or marketed by Shanghai Property Management. If Shanghai Property Management fails to maintain the office area of Jin Mao Tower in a manner consistent with our standards of quality, we may not be able to retain our existing tenants and may also be unable to attract prospective quality tenants. The failure of Shanghai Property Management to manage the office area of Jin Mao Tower in an efficient, effective and professional manner could therefore have a material and adverse effect on our business, financial condition, results of operations and reputation.

We may not be able to continue our property management business if we fail to obtain, renew or maintain qualification certificates.

Before commencing their business operations, entities engaged in property management services (such as Shanghai Property Management) are required to obtain a qualification certificate for property management enterprises (物業服務企業資質證書) in accordance with the Measures for the Administration of Qualifications of Property Management Enterprises (《物業服務企業資質管理辦法》). A fine ranging from RMB50,000 to RMB200,000 may be imposed on any property management company which fails to obtain or renew a qualification certificate, and any profit generated during the period in which it was not in possession of a valid qualification certificate may be disgorged. If Shanghai Property Management fails to renew its relevant qualification certificate, our business, financial condition and results of operations may be materially and adversely affected.

Accidents or injuries at the Properties may adversely affect our reputation and subject us to liability.

There are inherent risks of accidents or injuries at the Properties. One or more accidents or injuries at any of the Properties could adversely affect our safety reputation among our current and potential tenants and guests, decrease our overall occupancy rates and increase our costs by requiring us to take additional measures to make our safety precautions even more visible and effective. If accidents or injuries occur at any of the Properties, we may be held liable for costs related to the injuries. Our current insurance policies may not provide adequate coverage and we may be unable to renew our insurance policies or obtain new insurance policies without increases in cost or decreases in coverage levels.

We may suffer material losses in excess of insurance proceeds or in respect of losses which are uninsured.

The Properties and any hotels we acquire in the future face the risk of physical damage caused by fire, acts of God, such as natural disasters or other causes, as well as potential public liability claims, including claims arising from the operation of the Properties and any hotels we acquire in the future.

In addition, certain types of risks, such as terrorism, war, losses caused by the withholding of a supply of utilities by a supply authority or utility outages and contamination or other environmental breaches may be or become uninsurable or the cost of insurance may be prohibitive when compared to the risk. If an uninsured loss or a loss in excess of insured limits occurs, we could be required to pay compensation and/or lose capital invested in the affected properties as well as anticipated future revenue from that property. There can be no assurance that material losses in excess of insurance proceeds or in respect of losses which are uninsured will not occur in the future.

Furthermore, when our insurance policies expire, we will have to seek renewal of the policies and negotiate acceptable terms for coverage, exposing us to the volatility of the insurance markets, including the possibility of rate increases. We cannot anticipate what coverage will be available on commercially reasonable terms in future policy years. Any material increase in insurance rates or decrease in available coverage in the future could have a material and adverse effect on our business, financial condition and results of operations.

We could incur significant costs or liability related to environmental matters.

Our operations are subject to various environmental laws and regulations, including those relating to air pollution control, water pollution control, water consumption control, waste disposal, noise pollution control and fire services control. Under these laws and regulations, an owner or operator of real property or hotels may be subject to liability, including a fine or imprisonment, for air pollution, noise pollution or the presence or discharge of hazardous or toxic chemicals at that property. An enterprise that exceeds the prescribed water consumption quota will be charged higher prices for the extra water consumed. In addition, such laws may require that we obtain certain environmental certificates. One of the Hotels had not gone through the required environmental protection examinations and acceptance procedures before its formal opening. As a result, we may be subject to a fine of up to RMB100,000 for this hotel and the authorities may require us to cease operation of this hotel. See "*Business — Legal and Regulatory Matters — PRC Non-Compliance Incidents*" for further information on this and other non-compliance incidents. Furthermore, we may be required to make significant capital expenditures to comply with existing or new environmental laws or regulations. The presence of contamination, air pollution or noise pollution without a valid licence or the failure to remedy contamination, air pollution or noise pollution or non-compliance with any environment laws or regulations, or the failure to obtain valid environmental certificates, may expose us to liability or have a material and adverse effect on our business, financial condition and results of operations.

If our suppliers do not deliver high quality food, beverage and other supplies to our restaurants at competitive prices or in a timely manner, we may experience supply shortages and increased food costs.

The ability to source quality food ingredients and beverages at competitive prices in a timely manner is important to our business. Our ability to maintain consistent quality and maintain our menu offerings throughout our restaurants and in our catering business depend in part upon our ability to acquire fresh food products and beverages and related supplies from reliable sources that meet our quality specifications and in sufficient quantities. We are exposed to the risks that we will not be able to obtain supplies in sufficient quantities or quality and that the price of our supplies will rise significantly. A disruption of our food or beverage supplies could occur for a variety of reasons, many of which are beyond our control and this could increase our food and beverage costs and/or cause shortages of food, beverages and other supplies at our restaurants and in our catering business. These factors could have a material and adverse effect on our business, financial condition, results of operations and reputation.

We face risks related to instances of food-borne illnesses, food contamination and associated liability claims.

Being in the food and beverage industry, we face an inherent risk of food contamination and associated liability claims. Our food quality depends partly on the quality of the food ingredients and raw materials provided by our suppliers. We may not be able to detect all defects in our supplies and food contamination could be caused by third party food suppliers or other factors which are outside of our control. Due to the scale of our operations, we also face the risk that certain of our employees may not adhere to our mandated procedures and requirements. Any failure to detect defective food supplies or observe proper hygiene, cleanliness and other quality control requirements or standards in our operations could adversely affect the quality of the food we offer inside or outside our restaurants, which could lead to liability claims, complaints and related adverse publicity, reduced customer traffic at our restaurants and the imposition against us of penalties by relevant authorities and compensation awards by courts.

We are unable to transfer certain portions of one of our hotels.

We do not hold an appropriate property ownership certificate for approximately 2,880 sq.m. (consisting of above ground areas and an underground area) of JW Marriott Hotel Shenzhen. While our PRC legal adviser is of the opinion that we have the legal right to continue to occupy and use the areas of the property at issue for which we have not obtained the property ownership certificate, we are unable to transfer the areas of the property at issue until the pledges associated with this hotel are released and the property ownership certificate covering these areas has been obtained. See "*Business — PRC Non-Compliance Incidents — Property — Defective Title*" for further information.

We may be subject to penalties and may experience other negative consequences for failure to register leases.

According to the relevant PRC laws and regulations, all leases are to be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. During the Track Record Period, certain of our subsidiaries failed to register approximately 150 leases in relation to premises that they leased to their tenants (principally at Jin Mao Tower) and that they leased from independent third parties. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. Such failure may result in third parties challenging our interests in the respective leased properties. There can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, failure to register a lease can result in the imposition of a maximum fine of RMB10,000 for each non-registered lease. Should such fines be imposed, the maximum penalty we could be required to pay would be approximately RMB1.5 million. The occurrence of any of the above conflicts or disputes or the imposition of fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations.

Certain portions of the Properties are designated as civil air defence properties.

Pursuant to the PRC Law on National Defence (中華人民共和國國防法) promulgated by the National People's Congress (the "**NPC**") in March 1997 and amended in August 2009, national defence assets are owned by the state. Pursuant to the PRC Law on Civil Air Defence (中華人民共和國人民防空法) (the "**Civil Air Defence Law**") promulgated by the NPC on 29 October 1996 and amended on 27 August 2009, civil air defence is an integral part of national defence. As at the Latest Practicable Date, certain underground areas of four of the Properties of the Group were considered to be civil air defence properties. As at the same date, such civil air defence properties had an aggregate GFA of 14,400 sq.m. (representing 2.2% of our total GFA) and a carrying amount of nil. Moreover, during the Track Record Period, Jin Mao Sanya Resort Hotel and Jin Mao Shenzhen did not hold licenses for the use of civil air defence projects during peacetime for Hilton Sanya Resort and Spa and JW Marriott Hotel Shenzhen. As a result, we may be subject to (a) fines, (b) restraints on using these civil defence properties and (c) other liabilities or losses. See "*Business — Legal and Regulatory Matters — PRC Non-Compliance Incidents*" for further information.

In addition, under the Civil Air Defence Law, while an investor in civil air defence properties can use and manage civil air defence properties in times of peace and profit therefrom, such use must not impair their functions as civil air defence properties. The design, construction and quality of the civil air defence properties must also conform to the protection and quality standards established by the PRC Government. During the Track Record Period and up to the Latest Practicable Date, we had not received any warning notice, rectification order or been subject to any fines or penalties in connection with the Civil Air Defence Law. However, if we or the Hotel Managers fail to maintain the civil air defence properties in accordance with the applicable laws and regulations, we may be subject to adverse legal consequences. Furthermore, in the event that the PRC Government declares a state of war, the PRC Government may take over the civil air defence properties as civil air defence shelters. If we or the Hotel Managers fail to provide the civil air defence properties when required by the PRC Government in such times of war, we may be subject to sanctions or other penalties imposed by the PRC Government. The occurrence of any of the above could materially and adversely affect our business, financial condition and results of operations.

If our risk management and internal control policies and procedures fail to be implemented effectively, our business and prospects may be materially and adversely affected.

We have recently enhanced our risk management and internal control policies and systems in a continual effort to improve our risk management capabilities and enhance our internal controls. See "*Business — Risk Management and Internal Control*" for more details. However, we cannot assure you that our risk management and internal control policies and procedures will adequately control, or protect us against, all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. In addition, given the limited history of some aspects of our risk management and internal control policies and procedures, we will require additional time to implement these policies and procedures in order to fully assess their impact and evaluate our compliance with them. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them.

If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures or systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

We may be exposed to various types of taxes in the jurisdictions in which we operate or have a presence.

As our operations are based in the PRC, the income and gains derived by us will be exposed to profits tax in the PRC. In addition, the income and gains derived by us may be exposed to various types of taxes in other jurisdictions including Hong Kong, the Cayman Islands and the BVI where members of the Group are incorporated. These may include income tax, withholding tax and other taxes payable on the receipt of dividends and other distributions. While we intend to manage our tax situation in each of these jurisdictions efficiently, there can be no assurance that the desired tax outcome will necessarily be achieved. In addition, the level of taxation in each of these jurisdictions, including the PRC, is subject to changes in laws and regulations, as well as changes in the application of existing laws and regulations by tax authorities, and such changes, if any, may lead to an increase in our effective tax rates. We will also be subject to taxes in any new jurisdictions in which we acquire properties, and similar risks will apply in respect of such taxes. All these factors may have a material and adverse effect on our business, financial condition and results of operations.

We may engage in hedging transactions, which can limit gains and increase exposure to losses.

We have not engaged in any hedging transactions during the Track Record Period, but may do so in the future to protect us from the effects of changes in interest rates on our indebtedness and the effects of changes in foreign exchange rates and to reduce our exposure to market volatility.

Hedging could fail to protect us or could adversely affect us because, among other things:

- the available hedging may not correspond directly with the risk for which protection is sought;
- the duration or nominal amount of the hedge may not match the duration of the related liability;
- the party owing money in the hedging transaction may default on its obligation to pay;

- the credit quality of the party owing money on the hedge may be downgraded to such an extent that it impairs our ability to sell or assign our side of the hedging transaction; and

- the value of the derivatives used for hedging may be adjusted from time to time in accordance with accounting rules to reflect changes in fair value. Downward adjustments would reduce our net assets and profits.

In addition, hedging involves transaction costs. These costs may increase as the period covered by the hedging increases and during periods of rising and volatile interest rates or foreign exchange rates. In periods of extreme volatility, it may not be commercially viable to enter into hedging transactions due to the high costs involved.

Any of the above factors could have a material and adverse effect on our business, financial condition and results of operations.

We may be adversely affected by the illiquidity of real estate investments.

Our strategy is to own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, provided that the hotels under development are expected to commence operations within one year of the date of investment. We also own Jin Mao Tower, which is a mixed-use development. This involves a higher level of risk as compared to a portfolio which has a more diverse range of investments. Real estate investments, particularly investments in hotels, are relatively illiquid. For instance, certain sales may be subject to approvals from the relevant governmental authorities or restricted by government regulation and, due to these and other factors, we may be unable to sell our assets on short notice or may be forced to give a substantial reduction in price in order to ensure a quick sale. Moreover, we may face difficulties in securing timely and commercially favourable financing in asset-backed lending transactions secured by real estate due to the illiquid nature of real estate assets. In addition, hotel properties may not easily be converted to alternative uses if they were to become unprofitable due to competition, age, decreased demand or other factors and any such conversion may be subject to governmental approval and restrictions contained in the applicable government lease. The conversion of a hotel for alternative use also generally requires substantial capital expenditures.

Such factors may limit the number of possible purchasers and increase the costs of any disposal, thus affecting our ability to dispose of the Properties or any hotels we acquire in the future. These factors may have a material and adverse effect on our business, financial condition and results of operations.

We may choose to engage in other non-hospitality related businesses in the future.

Unlike REITs or other trusts, the Company does not have any restrictions on its investment strategy in its constitutional documents. While we intend to focus initially on investing in hotels in the PRC, there is no guarantee that we may not choose to pursue other investments in the future. We do not have any experience operating in other industries and there is no guarantee that we will be successful in such other industries.

Fluctuations in foreign currency exchange rates may lead to volatility in our results of operations.

Even though we operate in the PRC and substantially all of our revenue and expenses are denominated in RMB, we may in the future accept foreign currency payments from our international guests and tenants. Foreign currency-denominated cash and cash equivalents are exposed to fluctuations in the value of the RMB against such foreign currencies, and these fluctuations in currency exchange rates may significantly decrease the RMB amount received from foreign currency revenues. We may conduct our business in currencies other than the RMB in the future and it may subject us to fluctuations in currency exchange rates which may cause volatility in our results of operations and may make it difficult or impossible to compare our results of operations from period to period.

E. RISKS RELATING TO THE HOSPITALITY AND PROPERTY INDUSTRIES IN THE PRC

The hospitality industry is cyclical. Any deterioration in the global or PRC market conditions or reduced economic growth could adversely affect the hospitality and property industries in the PRC.

Historically, the hotel industry has been cyclical and affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation and political and economic developments. The PRC hospitality and property industries have been, and will continue to be, significantly impacted by global financial and economic conditions and are closely linked to the performance of the general economy. Any global economic slowdown or financial market turmoil in the future may adversely affect the willingness of domestic and non-PRC consumers to travel and spend, which may affect the business of the Hotels. The outlook for financial markets and the world economy is uncertain. In the near term, economic downturns and any perceived or actual slowdown in the PRC economy may result in a reduction in business activity and income levels in the PRC, which may impact the demand at the Properties. We cannot guarantee that any future occupancy levels will be comparable to historical levels or to the levels assumed by DTZ, the independent property valuer. In addition, because our income is also in part dependent on the revenue derived from rooms and catering and restaurant facilities, any decrease in consumer spending and/or tourism could adversely impact us.

In addition, the PRC property market has experienced significant volatility in recent years as a result of market conditions and fluctuations in property prices which, in part, affects the demand for our mixed-use property. If we do not respond to changes in market conditions and tenants' preferences in a timely and adequate manner, our revenue derived from such tenants at our mixed-use property may be reduced.

Furthermore, the PRC Government may, from time to time, revise its fiscal and monetary policies to adjust the growth rate of the PRC national or local economies, and such policy changes may affect the hospitality and property industries in the regions in which we operate. There is no assurance that our revenue and profitability will be maintained at the levels we achieved during the Track Record Period.

The occurrence of any of the above could have a material and adverse effect on our business, financial condition and results of operations.

We face significant competition that could adversely affect our business, financial condition and results of operations.

The hospitality and property industries are highly competitive and ongoing completion of new properties or renovations of competing properties can reduce the competitiveness of older or existing properties. The Properties face competition primarily from properties of a similar grade in their immediate vicinity and also with other properties in their geographical market. The level of competition is affected by various factors, including changes in local, regional and global economic conditions, changes in local, regional and global populations, the supply and demand for properties, changes in travel patterns/preferences and the level of business activities. The success of the Properties will largely depend on our ability to compete in areas such as quality of premises or accommodations, room rates or rental rates, level of services, brand recognition, convenience of location, quality of lobby areas and other amenities. Competing properties may offer more facilities at their premises at similar or more competitive prices compared to the facilities offered at the Properties and may also significantly lower their rates or offer greater convenience, services or amenities to attract more customers or tenants. If the efforts of the competing properties are successful, and if as a result, the Properties experience lower occupancy rates or the Properties are required to lower their room rates or rental rates, our business, financial condition and results of operations may be materially and adversely affected.

The recently implemented eight-point guidelines with respect to regulating the conduct of political officials have had a negative impact on the hotel, travel and tourism industries in the PRC.

The eight-point guidelines 《中央政治局會議改進工作作風的八條規定》, a new PRC Government policy aimed at minimising extravagant spending by government officials and reducing bureaucratic visits and meetings, went into effect in December 2012. Since its implementation, the austerity measures have negatively impacted the hotel, travel and tourism industries in the PRC, particularly at higher-end hotels and restaurants. For example, the revenue from the food and beverage business decreased by 2.8% from HK$751.3 million in FY2012 to HK$730.1 million in FY2013, primarily due to decreased demand for banquet and conference services at Grand Hyatt Shanghai and The Westin Beijing Chaoyang mainly as a result of the above guidelines. Enforcement of these restrictive policies may be enhanced in the future. Furthermore, there can be no assurance that the PRC Government will not introduce additional policies and measures with similar effects on the industries in which we operate. These existing policies and measures and any future policies and measures could adversely affect our business, financial condition and results of operations. For further information regarding the impact of the above guidelines on our operations, please see "*Financial Information — Discussion of Results of Operations — FY2013 Compared to FY2012 — Revenue — Hotel Operations*".

Our operations are subject to extensive governmental regulations and in particular, we are susceptible to changes in governmental policies relating to the real estate industry in the PRC.

Our business is subject to extensive governmental regulations. We must comply with various requirements mandated by PRC laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In particular, the PRC Government exerts considerable direct and indirect influence on the development of the PRC hotel and property sectors by imposing industry policies and other economic measures, such as control of foreign exchange, taxation, available financing and foreign investment. These measures include raising the benchmark interest rates of commercial banks, placing additional limitations on the ability of commercial banks to make loans, restricting foreign investment in the PRC property and hotel industries, allowing domestic individuals to purchase properties only in certain cities in the PRC, mandating the Properties to provide a certain level of customer protection and enforcing certain enhanced aspects of labour laws. For additional information regarding the PRC laws and regulations relating to the PRC hotel and property industries, please see *"Appendix VI — Regulatory Overview"*. Many of the hotel and property industry policies carried out by the PRC Government are unprecedented and are expected to be refined and improved over time. This refining and adjustment process may not have a positive effect on our operations and our future business development. We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies and regulations in the future. If we fail to adapt our operations to new policies and regulations that may come into effect from time to time with respect to the real estate industry, or if such policy changes disrupt our business prospects or cause us to incur additional costs, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we and our developers fail to obtain the relevant PRC Governmental approvals for our hotel development projects in a timely manner.

In developing and completing a hotel project in the PRC, we and our developers are required to obtain various permits, licences, certificates and other approvals including land use rights certificates, construction land planning permits, construction works planning permits, construction works commencement permits and completion and acceptance certificates and approvals from the relevant administrative authorities at various stages of the development of the hotel project. Obtaining each of such permits, licences, certificates and approvals is dependent on satisfaction of certain conditions.

There is no assurance that we and our developers will obtain all necessary permits, licences, certificates and approvals for our hotels under development in a timely manner or at all, or that we and our developers will not encounter problems in fulfilling any or all of the conditions imposed in respect of the granting of such permits, licences, certificates and approvals or that we will be able to expeditiously adapt to new laws, regulations or policies that may come into effect from time to time. There may also be significant delays in the granting of such permits, licences, certificates and approvals by the relevant PRC administrative bodies. If we and our developers fail to obtain or experience significant delays in obtaining the requisite governmental permits, licences, certificates and approvals, we and our developers could be subject to penalties and our hotel development schedule could be significantly disrupted. Any of the foregoing could materially and adversely affect our business, financial condition and results of operations.

The hospitality industry may be adversely affected by a recurrence of SARS or an outbreak of other epidemics, such as the avian influenza A (H5N1 and H7N9) virus or the influenza A (H1N1) virus.

Any recurrence of Severe Acute Respiratory Syndrome (SARS) or an outbreak of any other epidemic in the places where we operate, such as the avian influenza A (H5N1 and H7N9) virus or the influenza A (H1N1) virus or other widespread communicable disease may lead the World Health Organisation and certain governments to issue travel advisories against non-essential travel to affected regions, impose travel restrictions or impose quarantines. Such actions could have a material and adverse effect on the number of international visitor arrivals to the PRC and the corresponding demand for hotel rooms and catering and restaurant facilities. In addition, an outbreak of SARS, the avian influenza A or influenza A viruses or other widespread communicable disease may result in the temporary closure of hotels and/or restaurants, giving rise to a material disruption to our businesses.

Acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond our control may adversely affect our business, financial condition, results of operations and prospects.

The hospitality and property-related industries may be adversely affected by acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond our control. We cannot predict the occurrence of these events and the extent to which they will, directly or indirectly, impact the hospitality and property-related industries or our business, financial condition, results of operations and prospects in the future. An increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or natural disasters may affect travel patterns and reduce the number of business and commercial travelers and tourists and the level of business activities in the areas where we operate. Any of the above events could have a material and adverse effect on our business, financial condition, results of operations and prospects.

There can be no assurance that the tourism promotion authorities in the PRC will succeed in increasing tourism receipts or that such success, if any, will improve our financial performance.

The financial performance of the Hotels may be affected by the tourism industry in the PRC. In this regard, there can be no assurance that the initiatives taken by the tourism promotion authorities in the PRC to increase tourism receipts will be successful. Even if these initiatives are successful, it is not certain that an increase in tourism receipts would lead to a corresponding increase in the number of visitors or the length of their stay at the Hotels. Furthermore, an increase in the number of visitors or the length of their stay may not result in an increase in the revenues or gross operating profit of the Hotels.

F. RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

As all of our operations are conducted in the PRC, any adverse change in the PRC's political, economic or social condition may have a material and adverse effect on us.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to:

- structure;
- level of governmental involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. The PRC Government has implemented economic reform measures emphasising responsiveness to market forces in the development of the PRC economy. However, the PRC Government continues to play a significant role in regulating industries by imposing industrial policies. Furthermore, despite the implementation of such reforms, changes in the PRC's political and social condition, laws, regulations, policies and diplomatic relationships with other countries could have an adverse effect on our business, financial condition or results of operations.

The PRC legal system is in the process of continuous development and has inherent uncertainties that could limit the legal protections available to us in respect of our operations.

The PRC legal system is based on written statutes and prior court decisions can only be cited as reference. Since 1979, the PRC Government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organisation and governance, commerce, taxation and trade with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and may have different and varying applications and interpretations in different parts of the PRC. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds for on-going cases available for inspection. Accordingly, there is a risk that entities in the PRC acquired by us may be subject to proceedings which have not been disclosed.

Agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult for us to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction.

The Company is a holding company that relies on dividend payments from its subsidiaries for funding and dividends from PRC subsidiaries are subject to PRC withholding tax.

PRC laws require dividends to be paid out of net profit calculated according to PRC accounting principles, which, in many aspects, differ from the generally accepted accounting principles in other jurisdictions, including HKFRS. Foreign-invested enterprises, such as certain subsidiaries of the Group in the PRC, are also required to set aside part of their net profits as statutory reserves, which are not available for distribution as cash dividends. Such dividends are also subject to PRC withholding tax.

The Company is a holding company registered in the Cayman Islands and the operations of the Group are conducted through its subsidiaries, a number of which are incorporated in the PRC. Therefore, the availability of funds to pay distributions to the Trustee-Manager and to service the Company's debts depends on dividends received from these subsidiaries. If the subsidiaries incur any debts or losses, such indebtedness or loss may impair their ability to pay dividends or other distributions to the Company. As a result, the Company's ability to pay dividends and other distributions to the Trustee-Manager and to service its debts will be restricted.

We may be treated as a resident enterprise for PRC tax purposes under the Enterprise Income Tax ("EIT") Law, which could result in unfavorable tax consequences to us and our non-PRC Registered Unitholders.

The Company is registered under the laws of the Cayman Islands but all of its operations are in the PRC. Under the EIT Law and its implementation rules, an enterprise incorporated in a foreign country or region may be classified as either a "non-resident enterprise" or a "resident enterprise." If an enterprise incorporated in a foreign country or region has its "de facto management bodies" located within the PRC, such enterprise will be considered a PRC tax resident enterprise and will normally be subject to the enterprise income tax of 25% on its worldwide income. The relevant implementation rules define "de facto management bodies" as those which exercise substantial and overall management and control over the manufacturing and business operations, personnel, accounting, properties and other aspects of an enterprise. In April 2009, the State Tax Bureau issued a Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, which sets forth certain specific criteria for determining whether the "de facto management body" of a Chinese-controlled offshore-incorporated enterprise is located in the PRC. In January 2014, the State Tax Bureau issued a Circular on the Determination of PRC Tax Resident Enterprises Subject to Criteria of "De Facto Management Body", which requires a Chinese-controlled offshore-incorporated enterprise that falls within the criteria of "de facto management body" to make an application for classification as a "resident enterprise", which in turn will be confirmed by the province-level tax authority. However, it is still unclear how the PRC tax authorities will determine whether a non-PRC entity (that has not already been notified of its status for EIT purposes) will be classified as a "resident enterprise".

If the PRC tax authorities subsequently determine that the Company or its offshore holding companies are deemed to be or should be classified as "resident enterprises", such entity or entities may be subject to EIT at a rate of 25%.

Fluctuations in the value of the RMB could have an adverse effect on your investment.

The value of the RMB against the Hong Kong dollar, the US dollar and other foreign currencies is affected by, among other things, changes in the PRC's economic and political condition. In 2005, the PRC Government changed its policy of pegging the value of the RMB to the US dollar. Under the new policy, the RMB is permitted to fluctuate within a band against a basket of currencies, determined by the PBOC, against which it could rise or fall by as much as 0.3% each day. On 21 May 2007, the PRC Government further widened the daily trading band to 0.5%. Between 21 July 2005 and 31 December 2009, the RMB has appreciated significantly against the US dollar. In June 2010, the PRC Government indicated that it would make the foreign exchange rate of the RMB more flexible, which increases the possibility of sharp fluctuations of the RMB's value in the near future and the unpredictability associated with the RMB's exchange rate. On 16 April 2012, the PRC Government widened the daily trading band to 1%, and on 15 March 2014, it was further widened to 2%. Notwithstanding the above, there still remains significant international pressure on the PRC Government to further liberalise its currency policy, which could result in a further and more significant fluctuation in the value of the RMB against the US dollar.

Even though substantially all of our revenue and expenses are denominated in RMB, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets and earnings. In particular, our distributions are made in Hong Kong dollars. Any unfavourable movement in the exchange rate of the RMB against the Hong Kong dollar may adversely affect the value of our distribution. In addition, any unfavourable movement in the exchange rate of the RMB against other foreign currencies, including the recent depreciation of the RMB, may also lead to an increase in our costs, which could adversely affect our business, financial condition and results of operations.

The Properties are located on land which is under long-term land use rights granted by the PRC Government. There is uncertainty regarding the amount of land grant premium which the Group will have to pay and additional conditions which may be imposed if the Group decides to seek an extension of the land use rights for the Properties.

The Properties are directly held by the respective subsidiaries of the Group under land use rights granted by the PRC Government. Under PRC laws, the maximum term of the land use rights is 40 years for commercial use purposes and 50 years for mixed-use purposes. Upon expiration, the land use rights will revert to the PRC Government unless the holder of land use rights applies for and is granted an extension of the term of the land use rights. The remaining periods under the land use rights granted to us in relation to the Hotels range from 26 to 48 years. The remaining period under the land use rights granted to us in relation to the office, retail and tourist areas of Jin Mao Tower is 30 years. For further information, please see "*Business — Portfolio Overview — Summary Statistics on the Properties*".

These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extension of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC Government unless the land in issue is to be taken back for the purpose of public interest), the holder of land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties upon the land use rights will be disposed of in accordance with the land use right grant contracts. As none of the land use rights granted by the PRC Government similar to those granted for the Properties has, as at the Listing Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which the Group will have to pay and any additional conditions which may be imposed if the Group decides to seek an extension of the land use rights for the Properties upon the expiry thereof.

In certain circumstances, the PRC Government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC Government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC Government charges a high land grant premium, imposes additional conditions or does not grant an extension of the term of the land use rights of any of the Properties, the operations and business of the Trust Group could be disrupted, and the business, financial condition and results of operations of the Trust Group could be materially and adversely affected.

The ability of subsidiaries of the Group that are incorporated in the PRC to declare dividends may be limited by trapped cash.

Under PRC law, a PRC enterprise is only permitted to declare and repatriate dividends on profits after tax provided that the losses of such enterprise have been remedied and amounts for mandated reserves have been deducted. The mandated reserves include (i) statutory common reserve funds, which is 10% of after tax profits of each company (totaling up to 50% of the registered capital of each such company) and (ii) discretionary common reserve funds for all limited liability companies. These reserve funds, if put aside discretionally by the shareholders meeting or compulsorily by law, cannot be repatriated even if an enterprise has no losses or likely prospects of losses, and even if the reserve funds are not needed for their prescribed purposes. These reserves could potentially create a significant pool of trapped cash that cannot be used to pay dividends. If there are insufficient retained profits after tax after deducting these reserves, the amount of dividends that the PRC subsidiaries can declare will be limited, which may adversely affect the DPU.

We are subject to PRC Government controls on currency conversion.

Under the current foreign exchange regulations of the PRC, payments of current account items, including dividends and trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approvals from SAFE as well as other appropriate governmental authorities are required for payments in RMB to be converted into foreign currencies and remitted from the PRC to pay for capital account items, such as the repayment of loans denominated in foreign currencies. Receivables of capital account items in foreign currencies, including capital contribution and foreign shareholder's loans, can be remitted into the PRC and converted into RMB by complying with certain regulatory requirements, obtaining approvals from SAFE or completing certain registration procedures with SAFE. While China Jin Mao (Group) has obtained the IC Card of Foreign Exchange Registration as required by SAFE, any remittance of cash from the PRC will still be subject to prior approval by SAFE or filing with SAFE via a remittance bank on a case by case basis. In addition, the PRC Government may, at its discretion, take measures to restrict access to foreign currencies under certain circumstances or may otherwise modify existing currency conversion controls. As such, we may be required to make additional efforts and satisfy additional requirements in order to comply with the necessary regulatory requirements. Any failure on our part to fully comply with all existing or future regulatory requirements promulgated by the PRC Government with regard to currency conversion could materially and adversely affect our business, financial condition and results of operations.

Our transfer of funds into the PRC to finance the development or operations of the Properties is subject to approval by the PRC Government and, as a result, the use of our net proceeds from the Global Offering as disclosed in this prospectus may be delayed.

The PRC Government has implemented a series of rules and measures to control the inflow of foreign funds into the property development industry (including hotel development) and for property speculation. The transfer of our net proceeds from the Global Offering into the PRC is subject to such PRC Government control measures.

On 28 April 2013, SAFE issued the Measures for the Administration of Foreign Debt Registration (《外債登記管理辦法》)("**Notice No. 19**"). It restricts the ability of foreign-invested property or hotel development companies to raise funds offshore by structuring the funds as a shareholder loan to the property or hotel development companies in the PRC. Instead, in most circumstances such companies have to structure the funds from offshore as an equity investment and obtain the funds through an increase of their registered capital or the establishment of new foreign-invested property or hotel development companies. On 18 June 2008, MOFCOM issued the Circular on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (商務部關於做好外商投資房地產業備案工作的通知), pursuant to which MOFCOM has delegated the task of verifying filing documents to its provincial agencies. On 23 May 2007, MOFCOM and SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry《關於進一步加强、規範外商直接投資房地產業審批和監管的通知》("**Circular 50**"), which provides that, among other things, existing foreign-invested enterprises need to obtain approval before expanding their business operations into the real estate and hotel sectors and existing foreign-invested property and hotel developers and enterprises need to obtain new approval if they wish to expand their existing real estate and hotel business operations.

Pursuant to the above notices, we are required to register and apply for approvals from relevant PRC Governmental authorities if we plan to expand the scope of our business or the scale of our operations and increase the registered capital of our subsidiaries or associated project companies in the PRC in the future.

In addition, any capital contributions or loans that we, as an offshore company, make to our PRC operating subsidiaries are subject to other foreign investment regulations in the PRC. We cannot assure you that we will be able to obtain these government approvals or registrations on a timely basis, if at all. Any of the foregoing may materially and adversely affect the financial condition of our PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. Furthermore, we cannot assure you that the PRC Government will not introduce new policies that further restrict our ability to deploy, or that prevent us from deploying, funds raised outside of the PRC into the PRC. Therefore, we may not be able to use all or any of the capital that we may raise outside the PRC to finance our projects in a timely manner or at all.

Investors may experience difficulties in effecting service of process, enforcing foreign judgments or bringing original actions in the PRC against the Company or the Directors.

The Company is registered under the laws of the Cayman Islands, but all of its operations and assets are located in the PRC. As a result, it may be difficult or impossible for investors to effect service of process on the Company in the PRC. Moreover, the PRC does not have treaties with most other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Judgments obtained in a Hong Kong court may be enforced in the PRC, provided that certain conditions are satisfied. However, there are uncertainties as to the outcome of any applications to recognise and enforce such judgments in the PRC.

Furthermore, an original action may be brought in the PRC against the Company or the Directors only if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC Civil Procedure Law. As a result of the conditions set forth in the PRC Civil Procedure Law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in the PRC in this manner.

PRC regulations relating to the acquisition of PRC companies by offshore holding companies may limit our ability to acquire PRC companies and may materially and adversely affect the implementation of our acquisition strategies as well as our business and prospects.

The M&A Rules provide rules with which foreign investors must comply should they seek to (i) purchase the equities of a domestic non-foreign-invested enterprise, or subscribe to the increased capital of a domestic non-foreign-invested enterprise, and thus change the domestic non-foreign-invested enterprise into a foreign-invested enterprise, or (ii) set up a foreign-invested enterprise to acquire assets from a domestic enterprise and operate these assets, or acquire assets from a domestic enterprise and set up a foreign-invested enterprise by contribution of the acquired assets. The M&A Rules stipulate that the business scope upon acquisition of a domestic enterprise must conform to the Catalogue for the Guidance of Foreign Investment Industries (2011 version) (《外商投資產業指導目錄》(2011年修訂)) promulgated by the NDRC and MOFCOM. The M&A Rules also provide for the takeovers procedures for equity interests in domestic enterprises.

There are uncertainties as to how the M&A Rules will be interpreted or implemented. If we decide to acquire a PRC enterprise, we cannot assure you that we or the owners of such PRC enterprise can successfully complete all necessary approval requirements under the M&A Rules. This may restrict our ability to implement our acquisition strategies and may have a material and adverse effect on our business, financial condition and results of operations.

G. RISKS RELATING TO THE STRUCTURE OF JINMAO INVESTMENTS AND THE COMPANY

The structure involving the listing of Jinmao Investments, the Company and the Share Stapled Units is relatively unique as there are only limited precedents for such structures in the Hong Kong market. There is no assurance that the Hong Kong courts will interpret the relevant investor protection provisions applicable to the Holders of Share Stapled Units in the same manner as those applicable to shareholders of companies listed on the Stock Exchange. In addition, Jinmao Investments and/or the Company may be affected by the introduction of new policies, legislation, regulations or guidelines affecting them.

There have only been a limited number of other transactions in the Hong Kong market that involved the listing and sale of share stapled units similar to the Share Stapled Units. There is no assurance that Hong Kong courts would interpret the relevant investor protection provisions applicable to the Holders of Share Stapled Units in the same manner as those applicable to shareholders of companies listed on the Stock Exchange. A different interpretation of such provisions could have a material and adverse effect on an investment in the Share Stapled Units.

In addition, as the listing of the structure involving Jinmao Investments, the Company and the Share Stapled Units is relatively unique, the introduction of new policies, legislation, regulations or guidelines affecting Jinmao Investments and/or the Company may have a material and adverse effect on the business, financial condition, results of operations and prospects of the Trust Group and/or an investment in the Share Stapled Units.

The introduction of new policies or legislation, or the amendment of existing legislation, in the Cayman Islands restricting the funds from which the Company is permitted to make distributions may reduce the level of distributions to the Holders of Share Stapled Units.

The Trustee-Manager will rely on the receipt of dividends, distributions and other amounts from the Company in order to make distributions (on behalf of Jinmao Investments) to the Holders of Share Stapled Units. The law of the Cayman Islands does not limit the amount that may be paid by way of distribution to amounts standing to the credit of a company's distributable reserves and share premium, as is the case in certain other jurisdictions. No assurance can be given that new legislation in the Cayman Islands will not be introduced or that existing legislation in the Cayman Islands will not be amended or repealed which would restrict the funds from which the Company is permitted to make distributions and thereby reduce the level of distributions which may be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units.

There is uncertainty as to the Hong Kong profits tax treatment of distributions by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units.

The Company understands that under the current practice of the IRD, Hong Kong profits tax will not generally be payable by unitholders on distributions by Hong Kong listed unit trusts or fixed single investment trusts (such as Jinmao Investments). However, there is no assurance that the IRD will apply this practice to distributions made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units. If the IRD does not apply its current practice and/or if there is any change in the current practice, it would affect the after-tax distributions to the Holders of Share Stapled Units. Prospective investors should seek advice from their own professional advisers as to their particular tax positions. Please see *"Appendix IX — Taxation"* for more details.

H. OTHER RISKS RELATING TO AN INVESTMENT IN THE SHARE STAPLED UNITS

Any sale or possible sale in the public market of the interests of Franshion or an issue of new Share Stapled Units by us may cause a significant decrease in the market price of the Share Stapled Units.

Immediately following the Global Offering, Franshion will have an interest in 70% (or 65.5% if the Over-allotment Option is exercised in full) of the Share Stapled Units in issue. If, following the expiry of its lock-up period, Franshion sells or is perceived as intending to sell a substantial portion of its interests in the Share Stapled Units, the market price of the Share Stapled Units may be adversely affected. See *"Underwriting"* for details of the lock-up arrangements.

In order to expand our business, we may consider offering and issuing additional Share Stapled Units in the future. Purchasers of the Share Stapled Units may experience dilution in the net tangible assets book value per Share Stapled Unit if we issue additional Share Stapled Units in the future at a price which is lower than the net tangible assets book value per Share Stapled Unit at that time. In addition, the issuance of additional Share Stapled Units may cause a significant decrease in the market price of the Share Stapled Units.

The Share Stapled Units have never been publicly traded and an active or liquid market for the Share Stapled Units may never develop.

Prior to the Global Offering, there has been no public market for the Share Stapled Units and an active or liquid market for the Share Stapled Units may never develop or be sustained after the Global Offering. Listing and quotation does not guarantee that a trading market for the Share Stapled Units will develop or, if a market does develop, the liquidity of that market.

The market price of the Share Stapled Units may decline after the Global Offering.

The Offer Price of the Share Stapled Units will be determined by agreement among the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company, and may not be indicative of the market price for the Share Stapled Units following completion of the Global Offering. The Share Stapled Units may trade at market prices significantly below the Offer Price after the Global Offering.

The market price of the Share Stapled Units will depend on many factors, including, but not limited to:

- the perceived prospects of the Group's business and investments, and the hospitality and property industries in the PRC;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- changes in general economic or market conditions;
- the market value of our assets;
- the perceived attractiveness of the Share Stapled Units against that of other equity or debt securities, including those not in the hospitality and property industries;
- the balance of buyers and sellers of the Share Stapled Units;
- any future changes to the regulatory systems of the PRC, Hong Kong, the Cayman Islands and the BVI, both generally and specifically in relation to dividend and tax systems and Hong Kong's trusts regime;
- our ability to successfully implement our investment and growth strategies;
- interest rates;
- foreign exchange rates; and
- broad market fluctuations, including any weakness of the equity markets.

For these reasons, among others, the Share Stapled Units may trade at prices that are higher or lower than the Offer Price. In addition, to the extent that we retain operating cash flow for investment, working capital requirements or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of the Share Stapled Units.

Property yield on real estate to be held by us is not equivalent to yield on the Share Stapled Units.

Generally speaking, property yield depends on the amount of net property income (calculated as the amount of revenue generated by the properties concerned, less the expenses incurred in maintaining, operating, managing and leasing the properties) compared against the current value of the properties. Yield on the Share Stapled Units, however, depends on the distributions paid on the Share Stapled Units as compared with the purchase price of the Share Stapled Units. While there may be some correlation between these two yields, they are not the same and will vary.

There is no assurance that the Share Stapled Units will remain listed on the Stock Exchange.

Although it is currently intended that the Share Stapled Units will remain listed on the Stock Exchange, there is no guarantee of the continued listing of the Share Stapled Units. Among other factors, Jinmao Investments and/or the Company may not continue to satisfy the listing requirements of the Stock Exchange. Holders of Share Stapled Units would not be able to sell their Share Stapled Units through trading on the Stock Exchange if the Share Stapled Units were no longer listed on the Stock Exchange.

Purchasers of Offer Share Stapled Units in the Global Offering will experience an immediate dilution.

The Offer Price of the Share Stapled Units is higher than the pro forma consolidated net asset value per Share Stapled Unit after adjusting for the Pre-IPO Dividend per Share Stapled Unit. Accordingly, purchasers of Offer Share Stapled Units in the Global Offering will experience an immediate dilution (representing the difference between (a) the Offer Price of the Share Stapled Units and (b) the pro forma consolidated net asset value per Share Stapled Unit after adjusting for the Pre-IPO Dividend per Share Stapled Unit).

Jinmao Investments may be terminated and the proceeds from a termination or winding up of Jinmao Investments and/or the Company may be less than the amount invested by investors under the Global Offering.

Jinmao Investments may be terminated in the event that (i) the Exchange Right is exercised, (ii) any law is passed that renders it illegal or, in the opinion of the Trustee-Manager, impracticable or inadvisable to continue Jinmao Investments and approval for the winding up has been given by way of an Ordinary Resolution of Registered Holders of Units or (iii) approval for the termination of Jinmao Investments has been given by way of an Extraordinary Resolution of Registered Holders of Units.

The Offer Price of Share Stapled Units under the Global Offering may be at a premium to the net asset value per Share Stapled Unit at the time of the termination or winding up of Jinmao Investments and/or the Company. Should Jinmao Investments and/or the Company be terminated or wound up, there is no assurance that an investor under the Global Offering will recover all or any part of his or her investment.

The Trustee-Manager is not obliged, or permitted, to repurchase or redeem the Share Stapled Units.

Holders of Share Stapled Units have no right to request the Trustee-Manager to repurchase or redeem their Share Stapled Units and the Trustee-Manager is not permitted to do so. It is intended that Holders of Share Stapled Units may only deal in their listed Share Stapled Units through trading on the Stock Exchange.

The Trustee-Manager may be removed and replaced by an Ordinary Resolution of Registered Holders of Units.

The Trust Deed requires the removal of the trustee-manager of Jinmao Investments by way of an Ordinary Resolution of Registered Holders of Units, which is a resolution approved by Registered Holders of Units holding more than 50% of the voting rights of all the Registered Holders of Units present and voting.

If the Trustee-Manager resigns or is removed by the Registered Holders of Units, Jinmao Investments may not be able to appoint a new trustee-manager in a timely manner or on similar terms.

Under the Trust Deed, the Trustee-Manager may be removed as the trustee-manager of Jinmao Investments by an Ordinary Resolution of Registered Holders of Units, or it may resign as the trustee-manager. Any removal or resignation of the Trustee-Manager must be made in accordance with the procedures set out in the Trust Deed and shall only become effective upon the incumbent trustee-manager which is being removed or is resigning (as the case may be) having taken all necessary steps to transfer legal title to all Trust Property to the incoming trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the trustee-manager which is being removed or is resigning will only cease, and the responsibilities and obligations of the incoming trustee-manager will only commence, upon completion of all necessary steps. Any purported change of the Trustee-Manager is ineffective unless it is made in accordance with the Trust Deed.

Upon the resignation of the Trustee-Manager or the removal of the Trustee-Manager by way of an Ordinary Resolution of Registered Holders of Units, Jinmao Investments may not be able to appoint a substitute for the Trustee-Manager in a timely manner, or on terms similar to those under the Trust Deed. In particular, it may be difficult to find a substitute trustee-manager as the Trust Deed prohibits the payment of any fee to the trustee-manager to carry out its role as trustee-manager. The Trust Deed includes provisions whereby application can be made to the Hong Kong court under its inherent jurisdiction, or under the Trustee Ordinance, for the appointment of a replacement trustee-manager. However, there is no assurance that any new trustee-manager to be appointed to substitute for the Trustee-Manager will have the relevant experience in performing its duties under the Trust Deed.

If the Trustee-Manager is removed and no new trustee-manager is willing to take its place, Jinmao Investments could be terminated by court order.

Under the Trust Deed, in the event that the Trustee-Manager is removed by way of an Ordinary Resolution of Registered Holders of Units and no new trustee-manager is willing to take the place of the Trustee-Manager within 60 days of such removal, any Registered Holder of Share Stapled Units may apply to the Hong Kong court under its inherent jurisdiction, or under the Trustee Ordinance, for an order to appoint any company to act as the trustee-manager or to terminate Jinmao Investments.

It may be difficult to establish liability for breach of trust by the Trustee-Manager, and the rights of Jinmao Investments and the Holders of Share Stapled Units to recover claims against the Trustee-Manager are limited.

A trustee-manager who does not carry out its duties and obligations contained in the trust deed or as imposed by law will be in breach of trust and will be liable to the Holders of Share Stapled Units. Generally, under common law, when there is a breach of trust, a trustee-manager can be compelled to do something required by the trust or prevented from doing something prohibited by the trust. A trustee-manager can also be required to restore the trust property that has been passed away as a result of the breach, to provide value equivalent to the value of the property passed away or to pay equitable compensation to the trust to compensate the beneficiaries' loss. A trustee-manager may also be obliged to put the trust estate back to the same position it would have been in had the breach not occurred. However, under common law, it may be difficult to establish a liability for breach of trust as the Holders of Share Stapled Units must prove that the Trust Property has incurred a loss and that the loss would not have occurred but for the breach. The Trustee-Manager will also be entitled to certain defences to breach of trust under common law. It is also unclear under common law whether the directors of a corporate trustee have personal liability to the beneficiaries of the trust.

The Trust Deed limits the liability of the Trustee-Manager (including its directors, employees, servants, agents and delegates) in the absence of fraud, wilful default, negligence or breach of the Trust Deed. In addition, the Trust Deed provides that the Trustee-Manager and any of its directors, employees, servants, agents and delegates are entitled to be indemnified against any actions, costs, claims, damages, expenses, penalties or demands to which it or he/she may be put as the trustee-manager of Jinmao Investments (or as such a director, employee, servant, agent or delegate) so long as such action, cost, claim, damage, expense, penalty or demand is not occasioned by fraud, wilful default or negligence. As a result, the rights of Jinmao Investments and the Holders of Share Stapled Units to recover claims against the Trustee-Manager are limited.

Third parties may be unable to recover for claims brought against the Trustee-Manager as the Trustee-Manager is not an entity with significant assets other than the property of Jinmao Investments. Jinmao Investments can only act through the Trustee-Manager.

Third parties may in the future have claims against the Trustee-Manager in connection with the carrying on of its duties as trustee-manager of Jinmao Investments (including in relation to the Global Offering and this prospectus).

Under the terms of the Trust Deed, the Trustee-Manager is indemnified from the Trust Property against any actions, costs, claims, damages, expenses, penalties or demands to which it may be put as the trustee-manager of Jinmao Investments unless occasioned by fraud, wilful default or negligence. In the event of any such fraud, wilful default or negligence, only the assets of the Trustee-Manager itself and not the Trust Property would be available to satisfy a claim.

Jinmao Investments can only act through the Trustee-Manager. If the Trustee-Manager enters into a contract with a third party, the Trustee-Manager is liable under the contract to a potentially unlimited degree. Similarly, the Trustee-Manager can also be personally liable in tort for its or its agents' acts or omissions in connection with the administration of Jinmao Investments

As a general principle, unless appropriately expressed to the contrary and permitted by the Trust Deed, creditors and contractual counterparties of Jinmao Investments and other third parties have no direct access to the Trust Property because Jinmao Investments has no separate legal existence. The Trustee-Manager is entitled under the Trust Deed to an indemnity out of the Trust Property in respect of the Trustee-Manager's personal liability where a contract has been properly entered into during the administration of Jinmao Investments and within the powers conferred by the Trust Deed and in the absence of fraud, wilful default or negligence by the Trustee-Manager. Similarly, where the Trustee-Manager has acted within its powers under the Trust Deed, it will be entitled to an indemnity in respect of claims in tort by third parties, in the absence of fraud, wilful default or negligence on the part of the Trustee-Manager.

Creditors', other contractual counterparties' and other third parties' only means of access to the Trust Property is by subrogation to the Trustee-Manager's right to be indemnified out of the Trust Property in the circumstances described above.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports regarding us, our business, our industry and the Global Offering.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding the Group, our business, our industry and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decision regarding the Share Stapled Units and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or appropriateness of any forecasts, projections, views or opinions expressed by the press, other media and/or research analysts regarding the Share Stapled Units, the Global Offering, the Group, our business or our industry. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, projections, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

Certain industry statistics contained in this prospectus are derived from publicly available official sources and a market research report commissioned by us, which have not been verified by us.

This prospectus, particularly the information in "*Appendix V — DTZ Market Report*", contains information and statistics related to, among other things, the PRC and the hospitality and property industries in the PRC. Such information and statistics have been derived from various publicly available government and official sources and from the Market Report prepared by DTZ, an independent market consultant, which we commissioned. We believe that the sources of such information and statistics are appropriate sources for such information and statistics and have taken reasonable care in the extraction and reproduction of such information and statistics. We have no reason to believe that such information or statistics are false or misleading in any material respect or that any fact has been omitted that would render such information or statistics false or misleading in any material respect. However, none of the Trustee-Manager, the Company or any of the Relevant Persons has independently verified such information and statistics and no representation is given as to their correctness or accuracy. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other jurisdictions. Therefore, you should not unduly rely upon the industry information and statistics contained in this prospectus.

Jinmao Investments	Jinmao Investments, as constituted by the Trust Deed in Hong Kong
Company	Jinmao (China) Investments Holdings Limited
Trustee-Manager	Jinmao (China) Investments Manager Limited, in its capacity as trustee-manager of Jinmao Investments

TRUSTEE-MANAGER DIRECTORS AND COMPANY DIRECTORS

The Trust Deed requires that:

(a) the board of directors of the Trustee-Manager shall at all times be the same individuals who serve as directors of the Company;

(b) no person shall serve as a director of the Trustee-Manager unless he also serves as a director of the Company at the same time; and

(c) no person shall serve as a director of the Company unless he also serves as a director of the Trustee-Manager at the same time.

Accordingly, the compositions of the Trustee-Manager Board and the Company Board are the same. The Trust Deed also requires that the memberships of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The members of each Board are as follows:

Name	Address	Nationality
Chairman and Non-executive Director		
HE Cao (何操)	24-1602, Lane 100 Yushan Road Pudong New District Shanghai PRC	Chinese
Executive Director and Chief Executive Officer		
ZHANG Hui (張輝)	Room 102, Lane 866 22 Guangling No. 4 Road Hongkou District Shanghai PRC	Chinese

Name	Address	Nationality
Non-executive Directors		
LI Congrui (李從瑞)	R1/F, Block 144 Portland Garden Shunyi District Beijing PRC	Chinese
JIANG Nan (江南)	Flat C, 13/F Kai Tien Mansion Taikoo Shing Hong Kong	Chinese
Independent Non-executive Directors		
CHUNG Shui Ming Timpson (鍾瑞明)	Flat A, 6/F, Block 2 12 May Road Hong Kong	Chinese
CHEN Jieping (陳杰平)	Room 1001, No. 10 Lane 188, Mingyue Road Pudong New District Shanghai PRC	Chinese
ZHANG Rungang (張潤鋼)	R2-1-1402 No. 28 Yard Shilipu Beili Chaoyang District Beijing PRC	Chinese

For further details of the Directors, see "*The Trustee-Manager and the Company*".

Joint Sponsors (in alphabetical order)	Deutsche Securities Asia Limited Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Morgan Stanley Asia Limited Level 46, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Joint Global Coordinators	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Morgan Stanley Asia Limited Level 46, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	DBS Asia Capital Limited 17th Floor, The Center 99 Queen's Road Central Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Standard Chartered Securities (Hong Kong) Limited 15/F, Two International Finance Centre 8 Finance Street Central, Hong Kong
Joint Bookrunners	Deutsche Bank AG, Hong Kong Branch Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
	Morgan Stanley Asia Limited Level 46, International Commerce Centre 1 Austin Road West Kowloon Hong Kong

DBS Asia Capital Limited
17th Floor, The Center
99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Standard Chartered Securities (Hong Kong) Limited
15/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

Goldman Sachs (Asia) L.L.C.
68th Floor, Cheung Kong Center
2 Queen's Road Central
Hong Kong

J.P. Morgan Securities (Asia Pacific) Limited
(in relation to the Hong Kong Public Offering)
28/F Chater House
8 Connaught Road
Central
Hong Kong

J.P. Morgan Securities plc
(in relation to the International Offering)
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Legal Advisers to the Company

As to Hong Kong and U.S. laws:
Freshfields Bruckhaus Deringer
11th Floor, Two Exchange Square
Central
Hong Kong

As to PRC laws:
Tian Yuan Law Firm
10/F, China Pacific Insurance Plaza
28 Fengsheng Lane
Xicheng District
Beijing
People's Republic of China

	As to Cayman Islands laws: Conyers Dill & Pearman (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* Mayer Brown JSM 16th – 19th Floors, Prince's Building 10 Chater Road Central Hong Kong
	As to PRC laws: Jun He Law Offices 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing 100005 People's Republic of China
Auditor and Reporting Accountants	Ernst & Young *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Property Valuer	DTZ Debenham Tie Leung Limited 16th Floor, Jardine House 1 Connaught Place Central Hong Kong
Independent Market Consultant	DTZ Debenham Tie Leung Limited 16th Floor, Jardine House 1 Connaught Place Central Hong Kong
Receiving Banks	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central Hong Kong
	DBS Bank (Hong Kong) Limited 16/F, The Centre 99 Queen's Road Central Hong Kong

CORPORATE INFORMATION

A. CORPORATE INFORMATION OF THE TRUSTEE-MANAGER

Registered Office	Rooms 4702-03, 47th Floor Office Tower, Convention Plaza No. 1 Harbour Road Wanchai Hong Kong
Company Secretary	Ms. HO Wing Tsz Wendy *(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised Representatives	Mr. JIANG Nan Flat C, 13/F, Kai Tien Mansion Taikoo Shing Hong Kong Ms. HO Wing Tsz Wendy Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Trustee-Manager Audit Committee	Dr. CHEN Jieping *(Chairman)* Dr. ZHANG Rungang Mr. JIANG Nan
Share Stapled Units Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

B. CORPORATE INFORMATION OF THE COMPANY

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head Office and Principal Place of Business in Hong Kong	Rooms 4702-03, 47th Floor Office Tower, Convention Plaza No. 1 Harbour Road Wanchai Hong Kong

Company Secretary	Ms. HO Wing Tsz Wendy *(Fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom)* Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Authorised Representatives	Mr. JIANG Nan Flat C, 13/F, Kai Tien Mansion Taikoo Shing Hong Kong Ms. HO Wing Tsz Wendy Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
Company Audit Committee	Dr. CHEN Jieping *(Chairman)* Dr. ZHANG Rungang Mr. JIANG Nan
Remuneration and Nomination Committee	Dr. CHUNG Shui Ming Timpson *(Chairman)* Mr. LI Congrui Dr. CHEN Jieping
Compliance Adviser	First Shanghai Capital Limited 19th Floor, Wing On House 71 Des Voeux Road Central Hong Kong
Principal Banker	China Construction Bank Corporation 1/F, Jin Mao Tower No. 88 Century Avenue Pudong New District Shanghai the PRC
Address Where the Principal Register of Members is Kept	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Address Where the Hong Kong Register of Members is Kept	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Company's Website	**www.jinmao88.com** *(A copy of this prospectus is available on the Company's website. Except for the information contained in this prospectus, none of the other information contained on the Company's website forms part of this prospectus)*

HISTORY AND BUSINESS DEVELOPMENT

The Group's history dates back to 1993 when China Jin Mao (Group) was established. The Group primarily owns and invests in a portfolio of hotels, comprising both completed hotels and hotels under development, provided that the hotels under development are expected to commence operations within one year of the date of investment. The Group also owns Jin Mao Tower, a mixed-use development.

The initial hotel portfolio of the Group at the time of Listing will comprise the following properties, all of which are located in the PRC:

Completed Properties

- Jin Mao Tower, comprising Grand Hyatt Shanghai and office and retail areas
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- The Ritz-Carlton, Sanya
- Hilton Sanya Resort and Spa
- Hyatt Regency Chongming

Hotels Under Development

- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

Key Corporate and Business Development Milestones

The following events are the key corporate and business development milestones of the business of the Group:

1993	China Jin Mao (Group) was established.
1999	Jin Mao Tower and Grand Hyatt Shanghai commenced operations.
2005	China Jin Mao (Group) was awarded "China's No. 1 Brand Annual Award (Real Estate Sector)" by the World Brand Lab.
2006	Hilton Sanya Resort and Spa commenced operations.
2007	Wangfujing Grand Hotel (currently rebranded Renaissance Beijing Wangfujing Hotel) became wholly-owned by the Franshion Group.
2008	The Company was established.
	China Jin Mao (Group) was transferred to the Group.
	China Jin Mao (Group) was named the "Best Resort Hotel Owner in China" by the Centre of Asia Hotel Forum.
	The Westin Beijing Chaoyang and The Ritz-Carlton, Sanya commenced operations.

	The Franshion Group acquired parcels of land in Chongming on which Hyatt Regency Chongming was to be developed.
2009	Jin Mao Tower was named the "No. 1 Model Commercial Auxiliary Building in Lujiazui Financial Centre" by the government of Pudong New District in Shanghai.
	JW Marriott Hotel Shenzhen commenced operations.
	The Franshion Group acquired a parcel of land in Lijiang on which Grand Hyatt Lijiang was to be developed.
2010	China Jin Mao (Group) was named the "Best Hotels Asset Management Group of Asia" at the 3rd Asia Hotel Forum International Hotel Investment Summit.
2011	Jin Mao Tower was awarded the "Best Business Efficiency" and "Top 10 Fashion Landmark" at the 1st China Office Building Summit.
2012	China Jin Mao (Group) was named "China's Most Popular Hotel Owner for 2012" by the Golden Pillow Awards of China's Hotels.
	Full-scale renovation of Renaissance Beijing Wangfujing Hotel commenced.
2013	China Jin Mao (Group) was named the "Best Owner of China's Hotels" by the China Hotel Starlight Awards.
	Jin Mao Tower was awarded the "LEEB-EB Gold Certification" by the U.S. Green Building Council.
2014	Jinmao Investments was established.
	Hyatt Regency Chongming opened in March 2014.
	Renaissance Beijing Wangfujing Hotel is expected to resume operations after completion of renovation and Grand Hyatt Lijiang is expected to commence operations.

The Completed Hotels have received numerous awards since the commencement of their operations, details of which are set out in *"Business"*.

THE REORGANISATION

In preparation for the Global Offering, the Reorganisation was implemented to establish the Trust Group, as further described below.

1. Transfer of Certain Excluded Companies to the Franshion Group

(a) Jin Mao (Li Jiang) Real Estate Company Limited

On 18 July 2013, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Beijing Xing Mao Real Estate Company Limited (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao (Li Jiang) Real Estate Company Limited, a real estate company, to Beijing Xing Mao Real Estate Company Limited. The consideration for the transfer was an amount equal to RMB100.0 million, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 30 November 2013. Completion of the transfer occurred on 12 January 2014.

(b) Shanghai Jinhang International Trading Company Limited

On 2 December 2013, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Shanghai Xing Ji (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Shanghai Jinhang International Trading Company Limited, an international trading company, to Shanghai Xing Ji. The consideration for the transfer was an amount equal to RMB14.73 million, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 31 October 2013. Completion of the transfer occurred on 22 January 2014.

(c) Shanghai Jin Mao International Cruising-Yacht Company Limited

On 10 December 2013, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Shanghai Xing Ji (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Shanghai Jin Mao International Cruising-Yacht Company Limited, a cruising and catering services provider, to Shanghai Xing Ji. The consideration for the transfer was an amount equal to RMB1.00, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 31 October 2013. Completion of the transfer occurred on 29 January 2014.

(d) Shanghai Jin Mao Tower Advertising Company Limited

On 7 January 2014, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Shanghai Xing Ji (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao Advertising, an advertising company, to Shanghai Xing Ji. The consideration for the transfer was an amount equal to RMB5.04 million, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 31 October 2013. Completion of the transfer occurred on 22 January 2014.

(e) Jin Mao (Shanghai) Real Estate Company Limited

On 10 January 2014, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Beijing Xing Mao Real Estate Company Limited (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao (Shanghai) Real Estate Company Limited, a real estate company, which owns Hyatt Regency Chongming and other parts of a mixed-use development, to Beijing Xing Mao Real Estate Company Limited. The consideration for the transfer was an amount equal to RMB204.38 million, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 30 November 2013. Completion of the transfer occurred on 29 January 2014.

(f) Jin Mao Hong Kong Development Company Limited

On 12 June 2014, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Franshion Jinmao (China) Limited (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao Hong Kong Development Company Limited, which had no business operations, to Franshion Jinmao (China) Limited. The consideration for the transfer was an amount equal to HK$66,688. The aggregate consideration was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 28 February 2014. Completion of the transfer occurred on 12 June 2014.

Save for Jin Mao (Shanghai) Real Estate Company Limited which held Hyatt Regency Chongming and other parts of a mixed-use development, each of Jin Mao (Li Jiang) Real Estate Company Limited, Shanghai Jinhang International Trading Company Limited, Shanghai Jin Mao International Cruising-Yacht Company Limited, Jin Mao Advertising and Jin Mao Hong Kong Development Company Limited held assets or businesses which are unrelated to the Properties.

As at the date of this prospectus, as confirmed by our PRC legal adviser, all the necessary PRC regulatory approvals for the transfers of the shares in the excluded companies have been obtained, including (a) the approval of the Sinochem Group and completion of an assessment of the assets being transferred as state-owned assets and filing of the assessment results with the Sinochem Group and (b) the registration of changes in industry and commerce with respect to the excluded PRC companies with the relevant department of the PRC State Administration for Industry and Commerce.

2. Acquisition of Renaissance Beijing Wangfujing Hotel by the Group

On 22 January 2014, Franshion, Glory First Enterprises Limited (a wholly-owned subsidiary of Franshion) and Forever Eagle Limited (a wholly-owned subsidiary of the Company) entered into two share transfer agreements pursuant to which Forever Eagle Limited agreed to acquire from Franshion and Glory First Enterprises Limited the entire issued share capital of Wangfujing Hotel Management, which owns Renaissance Beijing Wangfujing Hotel. The consideration for the acquisition was an aggregate amount equal to US$76.55 million (approximately HK$593.9 million), of which US$19.14 million will be paid to Franshion and US$57.41 million will be paid to Glory First Enterprises Limited. The aggregate consideration was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, as at 31 October 2013. The acquisition was approved by the relevant department of the PRC Ministry of Commerce on 17 March 2014 and will be registered with the relevant department of the PRC State Administration for Industry and Commerce prior to the Listing Date. As confirmed by our PRC legal adviser, there are no legal impediments to the completion of such registration and acquisition.

As at the date of this prospectus, save as disclosed above and as confirmed by our PRC legal adviser, all the necessary PRC regulatory approvals for such acquisition have been obtained, including (i) the approval of the Sinochem Group and completion of an assessment of the assets being transferred as state-owned assets and filing of the assessment results with the Sinochem Group and (ii) the approval of the relevant department of the PRC Ministry of Commerce.

3. Incorporation of the Trustee-Manager

On 20 March 2014, the Trustee-Manager was incorporated in Hong Kong as a wholly-owned subsidiary of Franshion.

4. Re-domicile of the Company in the Cayman Islands

On 21 March 2014, the Company, which was incorporated in the BVI with limited liability on 18 January 2008 under the name of Wise Pine Limited, changed its name to its present name and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability. The re-domicile of the Company from the BVI to the Cayman Islands was to facilitate the establishment of the Share Stapled Units structure since the laws of the Cayman Islands offer greater flexibility in relation to such structures.

5. Transfer of the Jin Mao Trademarks to the Franshion Group

On 25 March 2014, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Franshion (Shanghai) (a wholly-owned subsidiary of Franshion) entered into a trademark transfer agreement pursuant to which China Jin Mao (Group) agreed to transfer the Jin Mao Trademarks to Franshion (Shanghai). As the Jin Mao Trademarks have been used by the Franshion Group but had been held by China Jin Mao (Group), as part of the Reorganisation, the Jin Mao Trademarks will be transferred back to the Franshion Group.

The consideration for the transfer was approximately RMB4.9 million, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, dated 1 March 2014. Subject to obtaining the relevant PRC regulatory approvals, completion of the transfer is expected to occur by early 2015. It is not uncommon for the transfer of trademarks in the PRC to take a long time and such transfers may take between eight and 12 months to complete.

Upon completion of the transfer of the Jin Mao Trademarks to Franshion (Shanghai), Franshion (Shanghai) intends to enter into a trademark licence agreement with the Trustee-Manager and the Company for the use of the Jin Mao Trademarks for a nominal amount.

6. Acquisition of Hyatt Regency Chongming by the Group

On 18 March 2014, the segregation of the title of Hyatt Regency Chongming into a standalone hotel was completed. On 22 May 2014, the title for Hyatt Regency Chongming was transferred to Li Long (Shanghai) Hotel Management Company Limited, which was established on 31 March 2014 as a wholly-owned subsidiary of Jin Mao (Shanghai) Real Estate, by way of an asset injection of Hyatt Regency Chongming by Jin Mao (Shanghai) Real Estate into Li Long (Shanghai) Hotel Management Company Limited.

On 11 June 2014, Jin Mao (Shanghai) Real Estate (a wholly-owned subsidiary of Franshion) and Jin Mao Hainan (a wholly-owned subsidiary of the Company) entered into a share transfer agreement pursuant to which Jin Mao Hainan agreed to acquire from Jin Mao (Shanghai) Real Estate the entire issued share capital of Li Long (Shanghai) Hotel Management Company Limited, which owns Hyatt Regency Chongming. The consideration for the acquisition was an amount equal to RMB745,947,300, which was based on a valuation report prepared by DeveChina International Appraisals Company Limited, an independent third party valuer, dated 10 May 2014. The acquisition will be registered with the relevant department of the PRC State Administration for Industry and Commerce prior to the Listing Date and as confirmed by our PRC legal adviser, there are no legal impediments to the completion of such registration and acquisition.

As at the date of this prospectus, save as disclosed above and as confirmed by our PRC legal adviser, all the necessary PRC regulatory approvals for such acquisition have been obtained, including the approval of the Sinochem Group and completion of an assessment of the assets being transferred as state-owned assets and filing of the assessment results with the Sinochem Group.

7. Declaration of Pre-IPO Dividend by the Company to Franshion

On 13 June 2014, the Company Board declared the Pre-IPO Dividend to Franshion of an amount which is equal to the aggregate of (a) the net proceeds from the Global Offering (after deducting an amount of approximately HK$631.8 million representing the sum of (i) approximately HK$31.8 million for the settlement of the fee for the provision of the Project Consulting Services pursuant to the Project Consulting Agreement and (ii) approximately HK$600.0 million to be paid to Franshion for the settlement of the existing inter-company loans between the Group and the Franshion Group which are interest free, repayable on demand and which have not been repaid prior to the Listing Date) and (b) the net proceeds from the draw down of the Loan Facility on the Listing Date of an amount which is no less than HK$3,000 million.

Based on the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the entire principal amount of the Loan Facility is drawn down by the Company on the Listing Date, the maximum amount of the Pre-IPO Dividend is estimated to be approximately HK$6,488 million, and will be financed using the net proceeds from the Global Offering and the Loan Facility.

Based on the Minimum Offer Price of HK$5.35 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and a draw down by the Company of a principal amount of HK$3,000 million from the Loan Facility on the Listing Date, the minimum amount of the Pre-IPO Dividend is estimated to be approximately HK$5,340 million, and will be financed using the net proceeds from the Global Offering and the Loan Facility.

For the avoidance of doubt, only that portion of the principal amount of the Loan Facility that is drawn down by the Company on the Listing Date (net of the fees and expenses and interest reserve under the Loan Facility) will be payable to Franshion as the Pre-IPO Dividend. The Company will drawdown a minimum amount of HK$3,000 million on the Listing Date.

The payment of the Pre-IPO Dividend is conditional upon the completion of the Global Offering. The Pre-IPO Dividend will be financed using the net proceeds from the Global Offering and the portion of the Loan Facility which is drawn down by the Company on the Listing Date.

The Pre-IPO Dividend will be paid out of the Company's distributable profits in accordance with the Cayman Companies Law and the constitutional documents of the Company. As at 31 December 2013, the Company's distributable profits were approximately HK$10.07 billion. The Directors are satisfied that the Company has sufficient distributable profits to pay the Pre-IPO Dividend and are further satisfied, after due and careful enquiry, that after the payment of the Pre-IPO Dividend, the Company will have sufficient working capital available to satisfy its requirements for at least 12 months after the Listing. The Pre-IPO Dividend will be paid to Franshion no later than 10 business days after the Listing Date.

The Trustee-Manager and the Company will make an announcement to inform the Holders of Share Stapled Units of the final amount of the Pre-IPO Dividend.

8. Establishment of Jinmao Investments

On 13 June 2014, Jinmao Investments was constituted by the Trustee-Manager and the Company pursuant to the Trust Deed.

9. Changes in the Share Capital of the Company

On 13 June 2014, the share capital of the Company was reconstituted from 1,000,000 shares of par value US$1.00 each to HK$5,000,000 divided into 10,000,000,000 shares of par value HK$0.0005 each, as further described in *"Appendix X — Statutory and General Information — Further Information About the Company — Changes in the Share Capital of the Company"*.

On 13 June 2014, Franshion subscribed for 2,800,000,000 shares in the Company with a par value of HK$0.0005 each. On 13 June 2014, the share capital of the Company was redesignated into Ordinary Shares and Preference Shares, resulting in Franshion holding 1,400,000,000 Ordinary Shares and 1,400,000,000 Preference Shares.

10. Registration of Ordinary Shares in the name of the Trustee-Manager

On 13 June 2014, 1,400,000,000 Ordinary Shares held by Franshion were registered in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and the Trustee-Manager issued 1,400,000,000 Units to Franshion, which were Linked to the 1,400,000,000 Ordinary Shares held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and Stapled to the 1,400,000,000 Preference Shares held by Franshion in accordance with the Trust Deed, to form 1,400,000,000 Share Stapled Units.

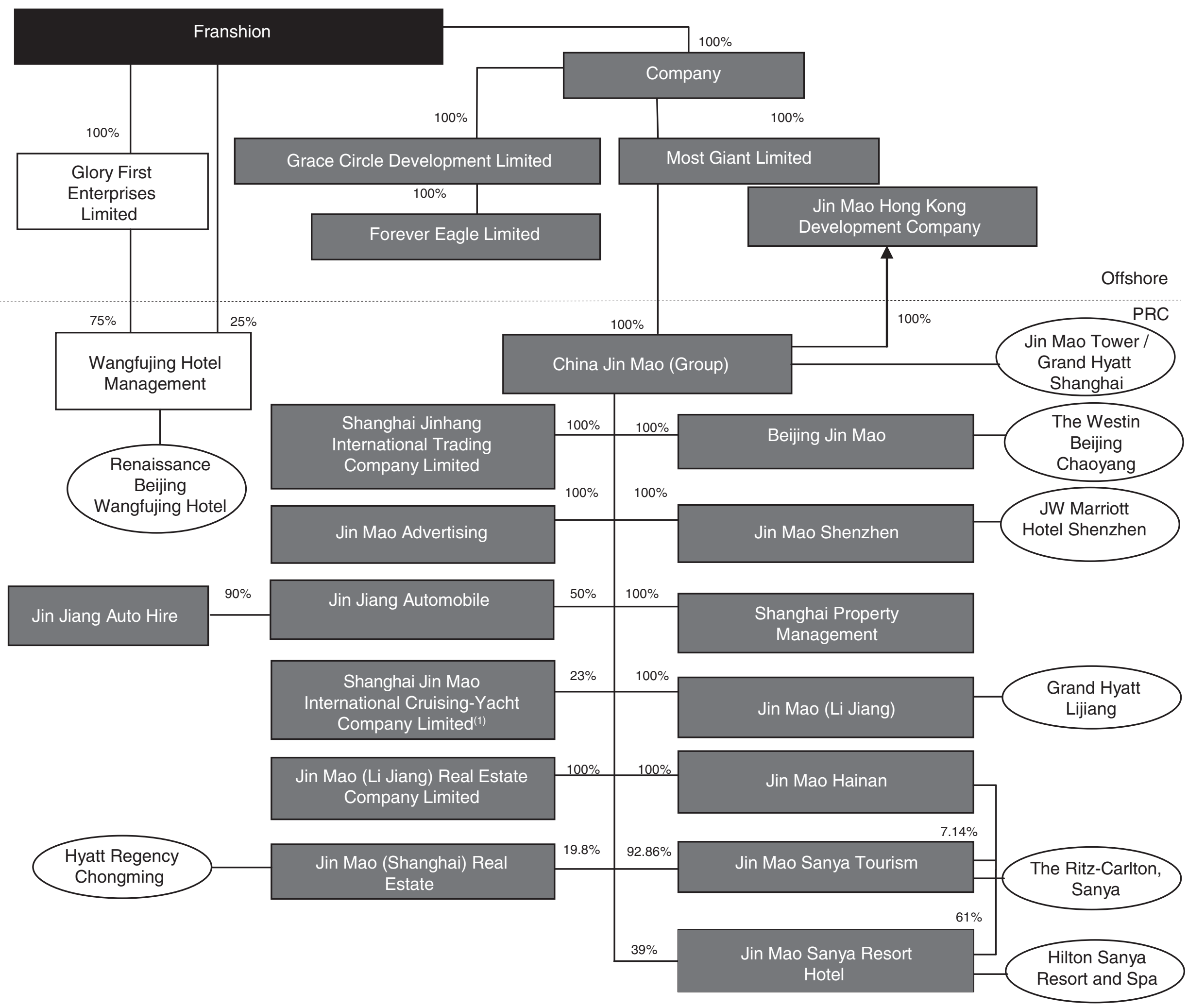
11. Issue of Share Stapled Units on the Listing Date

On the Listing Date, the Trustee-Manager and the Company will jointly issue the Offer Share Stapled Units at the Offer Price to investors in the Global Offering.

Under the Global Offering, the Offer Price is subject to agreement by the Trustee-Manager, the Company, Franshion and the Joint Global Coordinators (on behalf of the Underwriters), as described in *"Structure of the Global Offering — Pricing and Allocation"*. The Trustee-Manager and the Company will also agree the apportionment of the Offer Price between the subscription price for the Units and the Preference Shares. For the purposes of the Global Offering, the Trustee-Manager and the Company have agreed that the Trustee-Manager will subscribe for the Ordinary Shares at a subscription price equal to the Offer Price less (a) the amount of the Offer Price agreed to be allocated to the subscription price for the Preference Shares and (b) any costs and expenses properly incurred and paid by the Trustee-Manager in connection with the Global Offering.

CORPORATE STRUCTURE PRIOR TO THE REORGANISATION

Prior to the Reorganisation, our corporate structure was as follows:

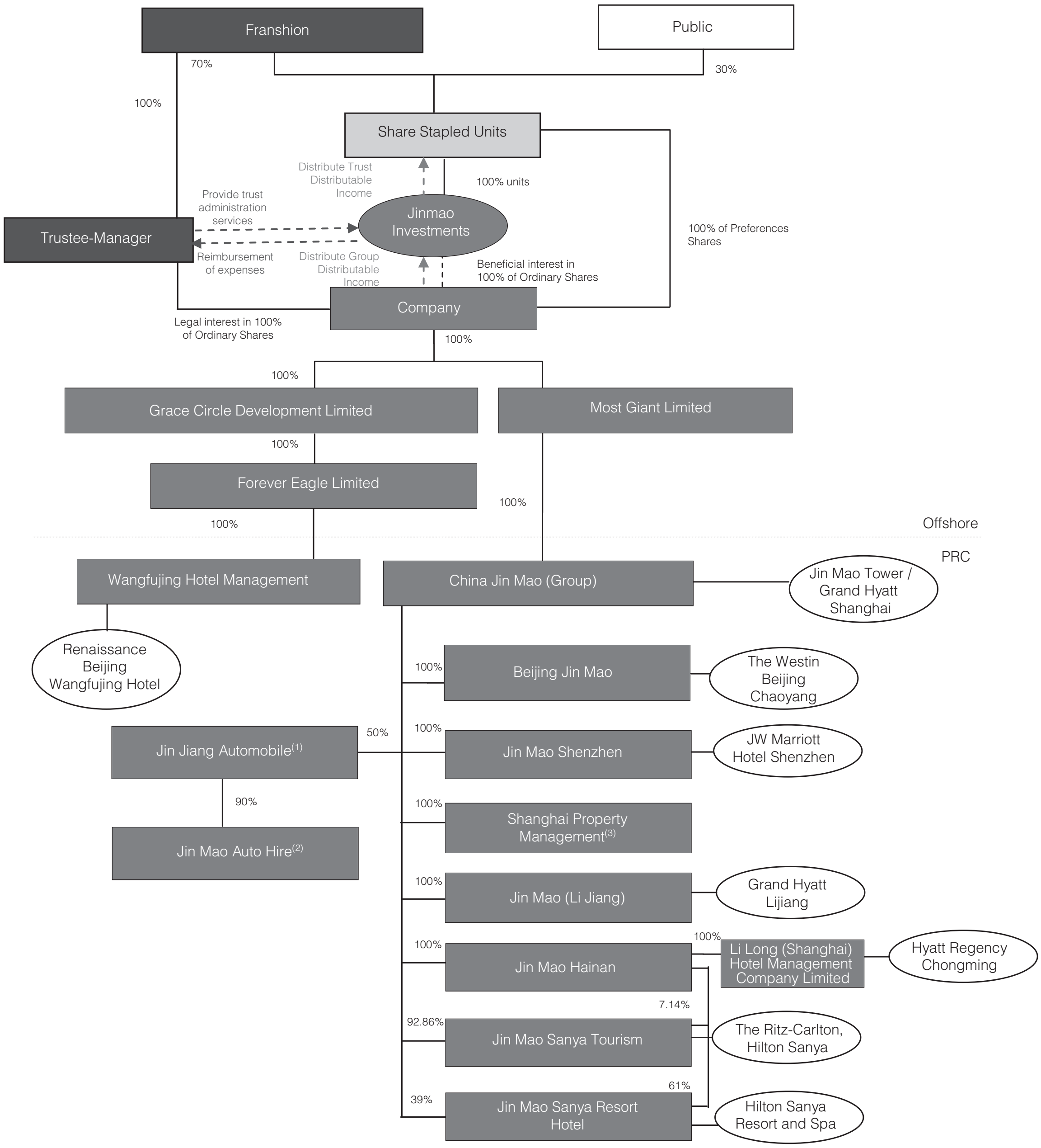


Note:

(1) Prior to the Reorganisation, Shanghai Jin Mao International Cruising-Yacht Company Limited was a company held as to 23% by the Group, which will be transferred to Franshion as part of the Reorganisation, with the remaining 77% held by independent third parties.

CORPORATE STRUCTURE FOLLOWING THE REORGANISATION AND THE GLOBAL OFFERING

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), our corporate structure will be as follows:



Notes:

(1) Jin Jiang Automobile is a 50% joint venture company owned by the Group, with the remaining 50% owned by an independent third party.

(2) Jin Mao Auto Hire is a 90% subsidiary of Jin Jiang Automobile, with the remaining 10% held by an independent third party.

(3) Shanghai Property Management primarily provides property management services to Jin Mao Tower and other property management services to third party property owners and the Franshion Group. Please see *"Business — Other Businesses — Property Management Services"* for further details.

SPIN-OFF OF THE GROUP FROM FRANSHION

The directors of Franshion believe that the spin-off and separate listing of the Trust Group is in the interest of Franshion and the Franshion Shareholders taken as a whole for the following reasons:

- ***Unlocking the value of the Trust Group:*** The directors of Franshion believe that a separate listing of the Trust Group will unlock its value for the Franshion Shareholders and identify and establish the fair value of the Trust Group and the Properties. Given that Franshion will continue to consolidate the financial results of the Trust Group as its subsidiary, the directors of Franshion anticipate that this value will represent an enhancement to its existing value within the confines of Franshion's listing, as the Franshion Shareholders will continue to benefit from the growth of the Trust Group. Listing the Trust Group separately is expected to align its mature and stable cash flow generating characteristic with the appropriate investor base that favours a clearly expressed distribution policy and pure-play investments, increase visibility of its future earnings and encourage direct research coverage, resulting in a more transparent and fairer valuation of the Trust Group.

- ***More defined focus and efficient resource allocation:*** The spin-off will allow the different management teams of the Franshion Group and the Trust Group to focus more effectively on their respective businesses.

- ***Creates own investor base for the Trust Group:*** Through the spin-off, the Trust Group will be able to be valued on a standalone basis and investors will be provided with more details of the operating performance of each of the Franshion Group and the Trust Group. The spin-off will also help to create a new investor base for the Trust Group as it will be able to attract new investors who are seeking investments specifically in the hospitality sector.

- ***Enhance financing flexibility:*** As a result of the spin-off, the Franshion Group and the Trust Group will have separate fundraising platforms in the equity and debt capital markets, which will increase financing flexibility for both entities to support their respective growth. A separate listing of the Trust Group will also provide clarity to the credit profile of the Trust Group and to financial institutions that wish to analyse and lend against the credit rating of a hospitality business.

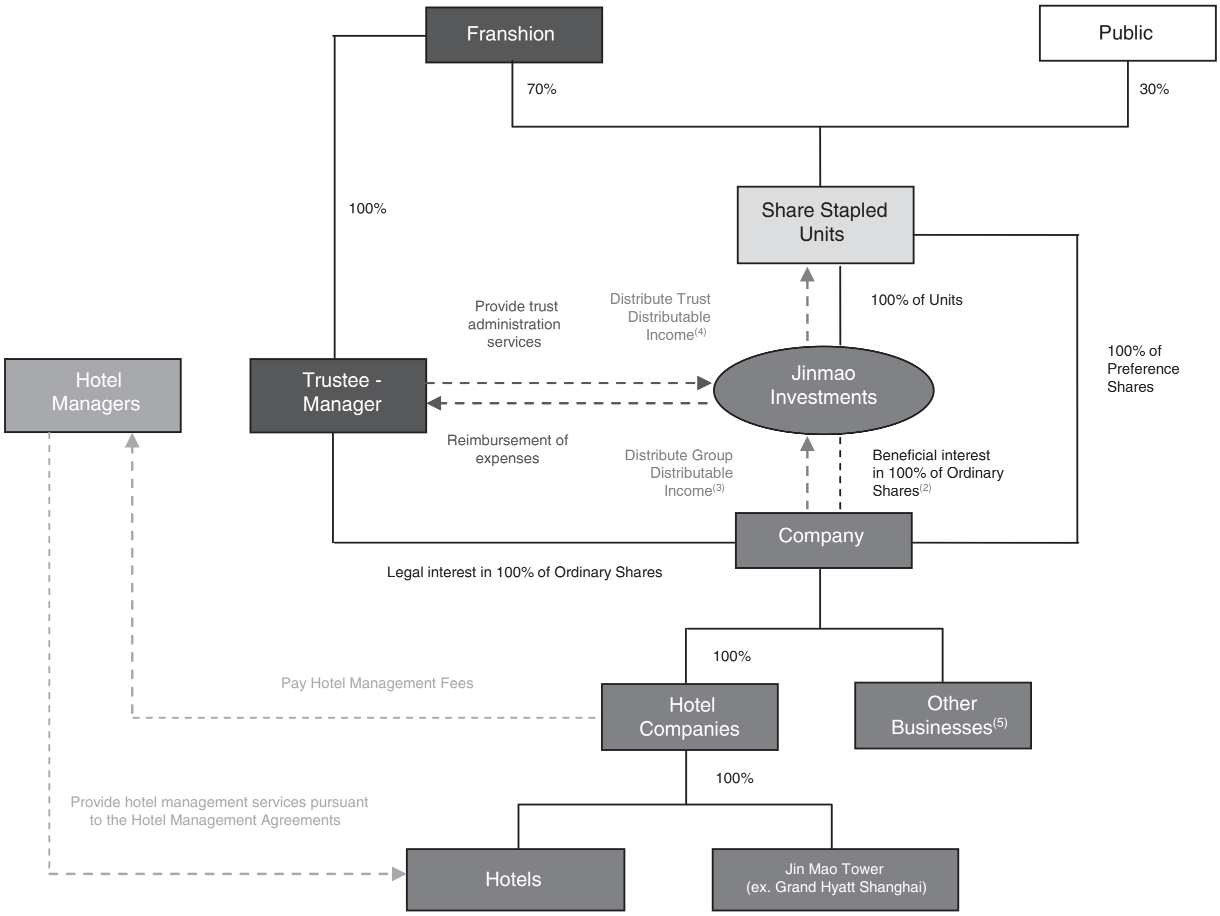
- ***Capital raising for the Franshion Group:*** The significant funding received by Franshion by way of the Pre-IPO Dividend arising from the spin-off will enable the Franshion Group to continue to expand its existing businesses.

The spin-off and separate listing of the Group by Franshion complies with the requirements of Practice Note 15 of the Listing Rules.

The spin-off and separate listing of the Group was approved in accordance with Rule 14.44 of the Listing Rules by a written resolution signed by Sinochem Hong Kong, which held approximately 62.87% of the voting rights of Franshion as at the Latest Practicable Date.

STRUCTURE OF THE TRUST GROUP

The chart below illustrates a simplified version of the structure of the Trust Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised)[(1)]:



Notes:

(1) With the exception of the beneficial interest in 100% of the Ordinary Shares held by the Holders of Share Stapled Units, all dotted lines indicate a contractual relationship between the entities or distribution or funds flow and continuous lines indicate an interest in shares (or, in the case of Jinmao Investments, an interest in the Units) or ownership in the other businesses.

(2) As Jinmao Investments is not a separate legal entity, all of the Trust Property, being the assets of Jinmao Investments, will be held by the Trustee-Manager for the benefit of the Registered Holders of Units. Subject to the exercise of the Exchange Right, all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments).

(3) Except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the current intention of the Company Board is to declare a dividend of and distribute (a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter. Please see *"Distributions"* for further details.

(4) Under the Trust Deed, the Trustee-Manager (on behalf of Jinmao Investments) is required to declare a dividend of and distribute 100% of the Trust Distributable Income. Please see *"Distributions"* for further details.

(5) The other businesses comprise the Group's (a) 50% interest in Jin Jiang Automobile, which provides car and taxi chauffeur services to the guests and tenants of the Properties and to third parties and (b) 100% interest in Shanghai Property Management, which primarily provides property management services to Jin Mao Tower and other property management services to third party owners and the Franshion Group. Please see *"Business — Other Businesses"* for further details.

SHARE STAPLED UNITS

Subscribers under the Global Offering will subscribe for Share Stapled Units jointly issued by Jinmao Investments and the Company. Each Share Stapled Unit comprises three components:

(a) a Unit;

(b) a beneficial interest in a specifically identified Ordinary Share held by the Trustee-Manager, which is "Linked" to the Unit; and

(c) a specifically identified Preference Share which is "Stapled" to the Unit.

Meaning of "Linked"

All of the issued Ordinary Shares must be held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments). Each Unit issued by the Trustee-Manager must correspond with a specifically identified Ordinary Share held by the Trustee-Manager and confer a beneficial interest in that specifically identified Ordinary Share such that a transfer of a Unit is effective to transfer the beneficial interest in the Ordinary Share. The Trust Deed characterises this relationship as each Unit being "Linked" to a specifically identified Ordinary Share held by the Trustee-Manager.

Meaning of "Stapled"

Each Unit issued by the Trustee-Manager must be attached or "Stapled" to a specifically identified Preference Share, with the Preference Share to be held by the Unitholder (along with the Unit) as full legal and beneficial owner, so that one cannot be traded without the other. The Trust Deed characterises this relationship as each Unit being "Stapled" to a specifically identified Preference Share.

Numbers of Units, Ordinary Shares and Preference Shares Must Be the Same

Under the Trust Deed and the Company's Articles, the number of Ordinary Shares and Preference Shares in issue must be the same at all times and must also, in each case, be equal to the number of Units in issue.

JINMAO INVESTMENTS AND THE COMPANY WILL BOTH BE LISTED ON THE STOCK EXCHANGE

Jinmao Investments and the Company will both be listed on the Stock Exchange and be "listed issuers" under the Listing Rules and, therefore, Jinmao Investments (including the Trustee-Manager) and the Company will be subject to the provisions of the Listing Rules.

In addition, the Share Stapled Units, Jinmao Investments, the Trustee-Manager and the Company will be subject to the provisions of the SFO and the Takeovers Code. Repurchases of Share Stapled Units (or their individual components) will not be permitted unless and until expressly permitted by relevant codes and guidelines which may be issued by the SFC from time to time.

LISTING OF THE SHARE STAPLED UNITS, THE UNITS, THE ORDINARY SHARES AND THE PREFERENCE SHARES

The Share Stapled Units will be listed on the Stock Exchange. In addition, the Units, the Ordinary Shares and the Preference Shares will also be listed on the Stock Exchange. However, for so long as the Share Stapled Units are listed on the Stock Exchange, trading on the Stock Exchange will only take place in the form of Share Stapled Units and there will only be a single price quotation on the Stock Exchange for a Share Stapled Unit. No price quotations will be given for the individual components (Unit, beneficial interest in an Ordinary Share and Preference Share) of a Share Stapled Unit.

Under the Trust Deed, each Unit must remain Linked to a specifically identified Ordinary Share and Stapled to a Preference Share and, subject to the exercise of the Exchange Right described below, "unbundling" of the Share Stapled Units is prohibited. Accordingly, subject to the exercise of the Exchange Right, investors can only deal in the Share Stapled Units on the Stock Exchange and are not permitted to deal in the individual components of the Share Stapled Units. Following the exercise of the Exchange Right and subject to the Stock Exchange's prior approval, the Ordinary Shares will be separately traded on the Stock Exchange (and will have their own price quotation) and the Units and the Preference Shares would have been cancelled.

REASONS FOR ADOPTING THE SHARE STAPLED UNITS STRUCTURE

(a) Jinmao Investments and the Units

Jinmao Investments and the proposal for Jinmao Investments to issue Units to investors reflect the commercial objective to adopt a trust structure, within which a distribution policy based on the Group Distributable Income can be more clearly articulated and pursued, and within which the Group can more clearly signal its intention to focus principally on distributions and to differentiate itself from other listed issuers on that basis. Investors in a trust typically subscribe for units, which represent undivided interests in the trust property.

(b) Beneficial Interests in the Specifically Identified Ordinary Shares

The Ordinary Shares confer rights to dividends and other distributions from the Company. The Ordinary Shares are the means by which Jinmao Investments owns the equity in the Company in trust for the Registered Holders of Units. The Ordinary Shares represent the entire economic interest derived from the Company, except in the case of the winding up of the Company or, if Jinmao Investments is terminated, a redemption of the Preference Shares on termination at their par value.

The rationale for having each Ordinary Share specifically identified and Linked to a Unit is that the Linking provisions result in the SFO (including, but not limited to, the provisions on the protection of investors) being applicable to the Units as derivatives of the underlying listed Ordinary Shares.

The Linking arrangement and the Exchange Right mean that, ultimately, investors in Share Stapled Units could, by passing an Extraordinary Resolution of Registered Holders of Units, terminate Jinmao Investments and exchange their Share Stapled Units for the underlying Ordinary Shares in a listed company (being the Company) on a one for one basis.

(c) Preference Shares

The Preference Shares do not confer any rights to participate in any dividends, distributions or other payments being made by the Company, except in the case of the winding up of the Company or, if Jinmao Investments is terminated, the redemption of the Preference Shares on termination at their par value.

The rationale for including the Preference Shares as components of the Share Stapled Units and adopting the Stapling structure is to ensure that the Share Stapled Units (and, thereby, Jinmao Investments, including the Trustee-Manager, and the Company) are clearly subject to all the provisions of the SFO (including, but not limited to, the provisions on the protection of investors). The application of certain provisions of the SFO to the Units on an independent basis might otherwise be arguable.

(d) Trustee-Manager's Specific and Limited Role

With a view to seeking to ensure that investors in the Share Stapled Units have equivalent investor protections under the existing legal framework in Hong Kong to those available to shareholders in a company listed on the Stock Exchange, the Trustee-Manager has a specific and limited role, which is to administer Jinmao Investments. The Trustee-Manager is not actively involved in the management of the Group's business, which is owned by the Group and the Hotels are managed by the Hotel Managers pursuant to the Hotel Management Agreements.

ADVANTAGES AND DISADVANTAGES OF ADOPTING THE SHARE STAPLED UNITS STRUCTURE

A listing of the Group's business in the form of the Share Stapled Units structure described in this prospectus is expected to align its cash flow generating characteristic with the appropriate investor base that favours a clearly expressed distribution policy and pure-play investments.

The Directors believe that Jinmao Investments provides a structure within which a distribution policy based on the Group Distributable Income and the Trust Distributable Income can be more clearly articulated and pursued, and within which the Trust Group can more clearly signal its intention to focus principally on distributions and to differentiate itself from other listed issuers on that basis. The Directors also believe that the overall arrangements (including the Directors' dual roles as directors of the Trustee-Manager and the Company, the requirement for amounts to be held in segregated accounts pending distribution to investors and the requirement to announce and explain any future change to the distribution policy) will impose additional rigour and discipline regarding the implementation of the stated distribution policy.

The disadvantages of adopting the Share Stapled Units structure include the following:

(a) It is a relatively new structure and there have only been three other transactions in the Hong Kong market that involved the listing and sale of stapled securities similar to the Share Stapled Units. Although considerable efforts have been made to ensure that Holders of Share Stapled Units would have the benefit of investor protections which are equivalent to those enjoyed by shareholders of companies listed on the Stock Exchange, there is no assurance that the courts would interpret the application of the relevant investor protection legislation to the Share Stapled Units structure in the same manner.

(b) There are administration costs associated with Jinmao Investments, primarily as a result of the requirement that Jinmao Investments, the Company and the Trustee-Manager prepare and publish financial statements. However, these additional administration costs are not significant, having regard to the specific and limited role of the Trustee-Manager, and the Directors believe that the additional administration costs are outweighed by the benefits that are expected to accrue to the Holders of Share Stapled Units in terms of the expected higher distributions as generally compared to dividends that are distributed from accounting profit.

(c) Jinmao Investments may be terminated in certain circumstances. The procedures which would apply on the termination of Jinmao Investments are set out in *"Appendix VII — Trust Deed — Termination of Jinmao Investments"*. In summary, upon such termination, the Registered Holders of Share Stapled Units will be entitled to have the Ordinary Shares which are Linked to the Units held by them (as components of their Share Stapled Units) distributed to them *in specie*.

THE COMPANY

The Company was incorporated under the laws of the BVI with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law. The Company is the holding company of the Group's business.

The Company has two classes of shares:

(a) Ordinary Shares, which confer voting rights at general meetings of Shareholders (one vote per Ordinary Share) and rights to dividends and distributions from the Company; and

(b) Preference Shares, which also confer voting rights at general meetings of Shareholders (one vote per Preference Share), but have no rights to any dividends, distributions or other payments from the Company, except in the case of the winding up of the Company or their redemption upon the termination of Jinmao Investments. Further information in relation to the rights conferred by the Preference Shares, and the reason for including the Preference Shares as components of the Share Stapled Units, are set out below in *"— Rights Conferred by the Preference Shares"*.

Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, provided that the hotels under development are expected to commence operations within one year of the date of investment. The Group also owns Jin Mao Tower, a mixed-use development. Having regard to the developments in the property and hospitality industries, the Directors do not consider it practicable, nor in the interests of Holders of Share Stapled Units, to expressly restrict the scope of the Company's business activities in its Memorandum and Articles of Association to the property and hospitality businesses. Accordingly, the Company's Memorandum and Articles of Association, as is customary for a Cayman Islands incorporated company having its securities listed on the Stock Exchange, provides that the Company's scope of business activities is unlimited. Having regard to that, investors in the Share Stapled Units should note that the Memorandum and Articles of Association of the Company do not restrict its business activities to the property and hospitality businesses only and that the Company has the legal capacity to engage in other types of businesses if such other businesses are in the interests of the Holders of Share Stapled Units as a whole.

JINMAO INVESTMENTS AND THE TRUSTEE-MANAGER

General

Jinmao Investments is a fixed single investment trust, meaning that Jinmao Investments may only invest in the securities and other interests in a single entity, being the Company, and that Jinmao Investments will confer on the Registered Holders of Units a beneficial interest in specifically identifiable property (being the Ordinary Shares) held by Jinmao Investments.

Jinmao Investments is constituted by a Hong Kong law governed trust deed entered into between the Trustee-Manager and the Company. Under the Trust Deed, the Trustee-Manager has been appointed as the trustee and manager of Jinmao Investments. The Trustee-Manager has declared under the Trust Deed that it will hold the Trust Property on trust for the benefit of the Registered Holders of Units. A detailed description of the provisions of the Trust Deed is set out in *"Appendix VII — Trust Deed"*.

Trust Property Held in Segregated Accounts

All Trust Property will be held in segregated accounts controlled jointly by the Trustee-Manager and the Company. Further information in relation to the segregated accounts is set out in *"Appendix VII — Trust Deed — Segregated Accounts"*.

Scope of Activities

The scope of activities of Jinmao Investments specified in the Trust Deed is essentially limited to investing in the Company, and the powers, authorities and rights of the Trustee-Manager conferred by the Trust Deed are commensurately limited.

No Debt

In accordance with the Trust Deed, Jinmao Investments is not permitted to incur debt. However, there is no restriction on the ability of the Company or any of its subsidiaries to incur debt.

The Trustee-Manager and Its Specific Role

The Trustee-Manager, Jinmao (China) Investments Manager Limited, was incorporated in Hong Kong under the Companies Ordinance on 20 March 2014. It has an issued and paid-up share capital of HK$1.00 and is a wholly-owned subsidiary of Franshion.

The Trust Deed provides that for as long as the Trustee-Manager acts as the trustee-manager of Jinmao Investments, it must remain a wholly-owned subsidiary of Franshion.

The Trustee-Manager has a specific and limited role, which is to administer Jinmao Investments. The Trustee-Manager is not actively involved in the management of the Group's business, which is owned by the Group and the Hotels are managed by the Hotel Managers pursuant to the Hotel Management Agreements.

No Fees Payable to the Trustee-Manager

The costs and expenses of administering Jinmao Investments may be deducted from the Trust Property but, commensurate with its specific and limited role, the Trustee-Manager will not receive any fee for administering Jinmao Investments.

Removal and Replacement of the Trustee-Manager

The Trust Deed provides that the Trustee-Manager may be removed and replaced by an Ordinary Resolution of Registered Holders of Units. The Trust Deed contains detailed provisions relating to the resignation, removal and replacement of the Trustee-Manager. Those provisions are described in *"Appendix VII — Trust Deed — Appointment, Removal or Resignation of the Trustee-Manager"*.

Trustee-Manager Board

The Trust Deed requires that the Trustee-Manager Directors shall at all times comprise the same individuals who serve as the Company Directors. In addition, no person shall serve as a Trustee-Manager Director unless he also serves as a Company Director at the same time and no person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time.

Entrenchment of Critical Features of the Share Stapled Units Structure in the Trust Deed

The critical features of the Share Stapled Units structure are entrenched in the Trust Deed, as described in detail in *"Appendix VII — Trust Deed — Modification of the Trust Deed"*.

RIGHTS CONFERRED BY THE PREFERENCE SHARES

The Preference Shares do not confer any rights to participate in any dividends, distributions or other payments to be made by the Company, except in the case of the winding up of the Company or their redemption upon the termination of Jinmao Investments.

On a winding up of the Company, each registered holder of a Preference Share is entitled to be paid, from the assets available for distribution among the Shareholders, an amount equal to the Offer Price per Preference Share before any distribution of those assets is made in respect of the Ordinary Shares. Thereafter, the balance of such assets will be distributed among the holders of the Preference Shares and the Ordinary Shares *pari passu* as if the same constituted one class of shares (in proportion to the number of Shares held by them, respectively).

On the termination of Jinmao Investments, the Company is required to redeem each Preference Share at a redemption price equal to the par value of the Preference Share.

DISTRIBUTIONS TO BE MADE IN RESPECT OF THE UNITS AND DISTRIBUTION POLICY

While Jinmao Investments remains in effect, the Trustee-Manager (on behalf of Jinmao Investments) will distribute to Holders of Share Stapled Units all dividends, distributions and other payments received by the Trustee-Manager from the Company, which are derived from the Group, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments). Please refer to *"Distributions"* for further details of the distribution policy of Jinmao Investments and the Company.

EXCHANGE RIGHT

The Trust Deed includes an Exchange Right for the benefit of the Registered Holders of Share Stapled Units. By passing an Extraordinary Resolution of Registered Holders of Units, Registered Holders of Share Stapled Units may require that all (but not part only) of the Share Stapled Units in issue be exchanged (on a one for one basis) for the underlying Ordinary Shares held by the Trustee-Manager that are Linked to the Units being exchanged.

If the Exchange Right is exercised, Jinmao Investments and the Trust Deed would terminate, the Units and Preference Shares would be exchanged with the Trustee-Manager and cancelled pursuant to the exercise of the Exchange Right and the former Registered Holders of Share Stapled Units would become the holders of an equal number of listed Ordinary Shares, which would, subject to the prior approval of the Stock Exchange, be tradeable on the Stock Exchange on an independent basis.

Please refer to *"Appendix VII — Trust Deed — Quorum and Voting at Meetings of Registered Holders of Units"* for the manner in which a Registered Holder of Share Stapled Units can call for an extraordinary general meeting and move a resolution to exercise the Exchange Right.

FURTHER INFORMATION REGARDING THE RELATIONSHIP BETWEEN THE UNITS, THE ORDINARY SHARES AND THE PREFERENCE SHARES AND THE BENEFICIAL INTERESTS

Subject to the exercise of the Exchange Right, at all times:

(a) the number of Units in issue must be equal to the number of Ordinary Shares in issue (and *vice versa*);

(b) the number of Units in issue must also be equal to the number of Preference Shares in issue (and *vice versa*); and

(c) the number of Ordinary Shares in issue must be equal to the number of Preference Shares in issue (and *vice versa*).

Linking Arrangements

Subject to the exercise of the Exchange Right, all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments). Each Unit issued or to be issued by Jinmao Investments must be matched by and Linked to a specifically identified Ordinary Share issued or to be issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments). The Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Ordinary Shares are or have been issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) before, or at substantially the same time as, the issue or sale of the relevant Units. The Company must not issue or sell any Ordinary Shares unless the Ordinary Shares are specifically identified and issued to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and an identical number of Units in respect of the relevant specifically identified Ordinary Shares are or will be issued by the Trustee-Manager.

Each Unit confers on the Registered Holder of a Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments).

The Trustee-Manager will distribute the proceeds of any and all dividends, distributions and other payments to be made in respect of the specifically identified Ordinary Shares registered in the Principal Register of Members in the name of the Trustee-Manager to the Registered Holders of the relevant Units which are matched with and Linked to those specifically identified Ordinary Shares, upon and subject to the terms and conditions of the Trust Deed (including, without limitation, those terms and conditions permitting certain payments and other deductions to be made out of the Trust Property).

Each Share Stapled Unit may be exchanged for the specifically identified Ordinary Share which is matched with and Linked to the Unit which is a component of the relevant Share Stapled Unit, in accordance with the Trust Deed.

Stapling Arrangements

In addition to the requirements described above for each Unit to be matched by and Linked to a specifically identified Ordinary Share held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments), at all times, subject to an exercise of the Exchange Right:

(a) each Unit issued or to be issued by the Trustee-Manager must be Stapled to a specifically identified Preference Share issued or to be issued by the Company;

(b) the Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Preference Shares are or have been issued by the Company and those Preference Shares are issued or transferred to the same persons to whom the Units are issued or sold (and registered in the Principal Register of Members or the Hong Kong Register of Members in the names of the same persons in which the Units are registered in the Units Register), in the ratio of one specifically identified Preference Share for each Unit and on the basis that each specifically identified Preference Share is Stapled to a Unit so that one may not be dealt with without the other; and

(c) the Company must not issue or sell any Preference Shares unless the Preference Shares are to be Stapled to the Units as described above.

UNITS AND ORDINARY SHARES TO REMAIN LINKED AND UNITS AND PREFERENCE SHARES TO REMAIN STAPLED

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the Exchange Right, each Unit remains Linked to a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and that each Unit remains Stapled to a specifically identified Preference Share.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the Ordinary Shares ceasing to be Linked or in the Units and the Preference Shares ceasing to be Stapled or from refraining from doing any act required to maintain those relationships.

The Trust Deed also contains detailed provisions requiring that Units and Shares may only be offered for subscription and issued by Jinmao Investments and the Company, and may only be transferred by their holders, in the form of Share Stapled Units and not in the form of the individual components of Units, Ordinary Shares and Preference Shares.

The Trust Deed also provides that, subject to the exercise of the Exchange Right and the redemption of the Preference Shares upon the termination of Jinmao Investments, the Trustee-Manager must not consolidate, sub-divide, cancel, buy-back or redeem any Units and the Company must not consolidate, sub-divide, cancel, buy-back or redeem any Shares unless there is a corresponding consolidation, sub-division, cancellation, buy-back or redemption of the Units and of both the issued specifically identified Ordinary Shares which are Linked to the relevant Units and the issued specifically identified Preference Shares which are Stapled to the relevant Units.

MEETINGS OF HOLDERS OF SHARE STAPLED UNITS AND NOTICES OF MEETINGS AND OTHER DOCUMENTS

Meetings to be Held on a Combined Basis

If a meeting of Registered Holders of Units is convened, a meeting of Shareholders must also be convened and *vice versa*. The Trust Deed provides that meetings of Registered Holders of Units and Shareholders shall be held on a combined basis as a single meeting and characterised as a meeting of Registered Holders of Share Stapled Units (a "**Meeting of Registered Holders of Share Stapled Units**"). If that is not possible under the relevant laws and regulations, the meetings shall be held separately but consecutively (with the meeting of Shareholders being held immediately after the meeting of Registered Holders of Units).

Resolution(s) to be Proposed at Meetings

In relation to a Meeting of Registered Holders of Share Stapled Units, to the extent practicable, a single resolution shall be proposed to approve the matter to be considered by the Registered Holders of Units and the Shareholders, which resolution shall be characterised as a resolution of the Registered Holders of Share Stapled Units and shall serve as both a resolution of Registered Holders of Units and a resolution of Shareholders.

In relation to meetings of Registered Holders of Units and Shareholders to be held separately but consecutively, to the extent practicable, the same or a substantially similar resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently) shall be proposed for consideration at each meeting.

Voting at Meetings

In relation to both Meetings of Registered Holders of Share Stapled Units and meetings of Registered Holders of Units and Shareholders to be held separately but consecutively, a Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, which shall serve as a vote in respect of both the Unit and the Preference Share Stapled to the Unit.

In respect of each individual Share Stapled Unit, the voting rights conferred by the Unit and the voting rights conferred by the Preference Share Stapled to the Unit can only be exercised in the same way (either for or against) in respect of a single resolution proposed at a Meeting of Registered Holders of Share Stapled Units or (as the case may be) the resolutions of Registered Holders of Units and Shareholders dealing with the same, or substantially the same, matter.

Further details of these arrangements are set out in *"Appendix VII — Trust Deed — Co-ordination of Meetings of Registered Holders of Units and Shareholders"*.

Votes Conferred by the Ordinary Shares Held by the Trustee-Manager

The Trust Deed provides that the Trustee-Manager shall only exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a meeting of Shareholders (whether held on a combined basis or separately), in accordance with the directions of the holders of the Units which are Linked to those Ordinary Shares. These voting directions are given to the Trustee-Manager by the Registered Holders of Units exercising the voting rights conferred by the Units held by them. The Trustee-Manager is required to exercise the voting rights conferred by the Ordinary Shares Linked to those Units in the same way. Further details of these arrangements are set out in *"Appendix VII — Trust Deed — Requirements for the Exercise by the Trustee-Manager of the Voting Rights Conferred by the Ordinary Shares"*.

Summary

Accordingly, as a result of the arrangements described above, a holder of a Share Stapled Unit will be entitled to exercise the following voting rights conferred by the Share Stapled Unit:

(a) a vote of the Unit which is a component of the Share Stapled Unit, at meetings of Registered Holders of Units convened and held in accordance with the provisions of the Trust Deed; and

(b) two votes at meetings of Shareholders convened and held in accordance with the provisions of the Company's Articles and the Trust Deed. Those votes are:

   (i) a vote in respect of the Preference Share which is Stapled to the Unit and registered in the name of the Registered Holder of the Share Stapled Unit; and

   (ii) a vote in respect of the Ordinary Share which is Linked to the Unit and registered in the name of the Trustee-Manager. The vote conferred by the Ordinary Share which is Linked to the Unit is exercised by the Registered Holder of the Share Stapled Unit giving a direction to the Trustee-Manager to vote that Ordinary Share at meetings of Shareholders.

ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

The Trust Deed requires that the Trustee-Manager and the Company ensure that Registered Holders of Share Stapled Units are sent all circulars and other documents required to be issued to Shareholders and/or Registered Holders of Units for any reason.

The Trustee-Manager and the Company are also required to inform Registered Holders of Share Stapled Units by way of announcement as soon as reasonably practicable of any inside information (as defined in the SFO) in relation to Jinmao Investments and/or the Company as required by the SFO and any other information required to be disclosed pursuant to the Listing Rules or other relevant laws and regulations.

FINANCIAL STATEMENTS AND REPORTS

Registered Holders of Share Stapled Units will be provided with:

(a) annual reports and audited consolidated financial statements of Jinmao Investments and the Company and the annual audited financial statements of the Trustee-Manager;

(b) semi-annual reports and unaudited consolidated financial statements of Jinmao Investments and the Company and the semi-annual unaudited financial statements of the Trustee-Manager; and

(c) preliminary announcements of results of Jinmao Investments, the Company and the Trustee-Manager and other reports, circulars and information required to be provided under the Listing Rules and other relevant laws and regulations,

within the applicable time periods prescribed by the Listing Rules and other relevant laws and regulations.

The Trustee-Manager and the Company will prepare and publish the annual and semi-annual reports referred to above in the form of a combined document, which will be sent to Registered Holders of Share Stapled Units within the applicable time period prescribed by the Listing Rules.

Further information in relation to the financial statements and reports to be provided to Registered Holders of Share Stapled Units is set out in *"Appendix VII — Trust Deed — Financial Statements and Reports"*.

APPLICATION OF THE TAKEOVERS CODE

The Share Stapled Units confer voting rights exercisable at general meetings of the Company. Upon the completion of the Global Offering, the Company will be a public company in Hong Kong with a primary listing of its equity securities on the Stock Exchange. Accordingly, the Takeovers Code applies in full in respect of the Share Stapled Units.

Therefore, subject to the granting of a waiver by the Executive Director of the Corporate Finance Division of the SFC, when:

(a) any person acquires, whether by a series of transactions over a period of time or not, 30% or more of the Share Stapled Units;

(b) two or more persons are acting in concert, and they collectively hold less than 30% of the Share Stapled Units in issue, and any one or more of them acquires Share Stapled Units and such acquisition has the effect of increasing their collective holding of Share Stapled Units to 30% or more of the Share Stapled Units in issue;

(c) any person holds not less than 30%, but not more than 50%, of the Share Stapled Units in issue and that person acquires additional Share Stapled Units and such acquisition has the effect of increasing that person's holding of Share Stapled Units by more than 2% from the lowest percentage holding of that person in the 12 month period ending on and inclusive of the date of the relevant acquisition; or

(d) two or more persons are acting in concert, and they collectively hold not less than 30%, but not more than 50%, of the Share Stapled Units in issue, and any one or more of them acquires additional Share Stapled Units and such acquisition has the effect of increasing their collective holding of Share Stapled Units by more than 2% from the lowest collective percentage holding of such persons in the 12 month period ending on and inclusive of the date of the relevant acquisition,

that person is required to extend offers, on the basis set out in Rule 26 of the Takeovers Code, to all other Holders of Share Stapled Units. When an offer is made, for example, a mandatory general offer under Rule 26 of the Takeovers Code or a voluntary general offer under the Takeovers Code (including a partial offer), it would need to be made on the basis that the securities offered to be purchased would be the Share Stapled Units (and any Convertible Instruments outstanding at the relevant time) and that the offeree under the Takeovers Code would be the Company.

All the other provisions of the Takeovers Code which are applicable to public companies in Hong Kong with a primary listing on the Stock Exchange are equally applicable in respect of the Share Stapled Units, as voting rights in respect of the Company, and in respect of any Convertible Instruments.

Under the Trust Deed, the Trustee-Manager is not permitted to accept any offer to sell the Ordinary Shares which are held by the Trustee-Manager or to otherwise dispose of those Ordinary Shares. Any offer made under the Takeovers Code in respect of the Share Stapled Units must be made, and may only be accepted, in respect of the Share Stapled Units and any Convertible Instruments outstanding at the relevant time. The Trust Deed provides that an offer under the Takeovers Code cannot be made, or accepted by the Trustee-Manager, only in respect of the Ordinary Shares held by the Trustee-Manager.

Jinmao Investments is not permitted to make an offer under the Takeovers Code for the securities of another entity because that would exceed the scope of its specific and limited role and power. However, the Company is permitted to make an offer under the Takeovers Code for the securities of another entity and, if such an offer were to be made, the Company would be the offeror for the purposes of the Takeovers Code.

Except for the repurchase or redemption of the Preference Shares in the event of the exercise of the Exchange Right or the termination of Jinmao Investments, the Trustee-Manager is prohibited under the Trust Deed from repurchasing or redeeming any Share Stapled Units on behalf of Jinmao Investments unless and until expressly permitted to do so by relevant codes and guidelines issued by the SFC from time to time and only with the agreement of the Company and in circumstances where the Company repurchases or redeems the Ordinary Shares and the Preference Shares included in any Share Stapled Units to be repurchased or redeemed.

Under the Trust Deed, Holders of Share Stapled Units have no right to demand for the repurchase or redemption of their Share Stapled Units.

APPLICATION OF PART XV OF THE SFO

Divisions 2 to 4 of Part XV of the SFO impose duties to disclose certain "interests in shares" comprised in the "voting shares" of listed corporations and "short positions" in such shares on those who acquire or dispose of such interests (if they come to have or cease to have such an interest of 5% or above (a "**notifiable interest**") or if there is a change in "percentage level" or change in the nature of such interest) and those who acquire or dispose of such short position (if they come to have or cease to have a short position of 1% or above or if there is a change in "percentage level" while having a notifiable interest). Similar disclosure obligations are placed on the directors and chief executives of listed corporations pursuant to Divisions 7 to 9 of Part XV of the SFO, with the disclosure obligations of directors or chief executives being more stringent. For example, directors or chief executives are required to make disclosures in relation to any "interest in shares" (but not limited to "voting shares ") of listed corporations and their "associated corporations", and in respect of any acquisition or sale of shares or debentures of listed corporations and their "associated corporations" (without any threshold and not only when a change in "percentage level" of shares is involved). Part XV of the SFO also empowers a listed corporation and the Financial Secretary of Hong Kong to investigate those holding "interests in shares" or having "short positions" in shares.

The Share Stapled Units include shares in the "voting shares" of the Company and, accordingly, the duties to disclose interests in voting shares and short positions under Divisions 2 to 4 of Part XV of the SFO are applicable in respect of the Share Stapled Units. Similarly, the Share Stapled Units include "interests in shares" of the Company for the purpose of Divisions 7 to 9 of Part XV of the SFO and, accordingly, the disclosure obligations placed on directors and chief executives of listed corporations under Divisions 7 to 9 of Part XV of the SFO are equally applicable in respect of the Share Stapled Units.

By way of illustration, a person holding 5% of the Share Stapled Units in issue would be required to disclose an interest under Division 2 of Part XV of the SFO in 5% of the "voting shares" of the Company. Both the Ordinary Shares and the Preference Shares are "voting shares". A person holding 5% of the Share Stapled Units in issue would have an interest in 5% of the Ordinary Shares Linked to the Units held by that person and 5% of the Preference Shares Stapled to the Units held by that person, which in aggregate represent 5% of the total number of issued voting Shares in the Company and, therefore, 5% of the "voting shares" of the Company.

The powers of the Company under Section 329 of Division 5 of Part XV of the SFO and the powers of the Financial Secretary of Hong Kong under Section 356 of Division 11 of Part XV of the SFO to investigate those holding "interests in shares" or having "short positions" are also both applicable in respect of the Share Stapled Units.

THE TRUSTEE ORDINANCE, COMMON LAW DUTIES OF TRUSTEES, REMEDIES FOR BREACH OF TRUST AND LIABILITY REGIME

Trustee Ordinance

The Trustee Ordinance governs all trusts created and governed by the laws of Hong Kong and is stated to apply in full to all trusts created in Hong Kong, unless the instrument creating the trust specifies otherwise. The Trust Deed constituting Jinmao Investments states that the Trustee Ordinance applies in full to Jinmao Investments, except that Parts IA, II and Part III of the Trustee Ordinance do not apply to Jinmao Investments.

Part I and Parts IV to IX of, as well as the Schedules to, the Trustee Ordinance apply to Jinmao Investments and contain provisions relating to, among other things, the creation of a trust, the duties and powers of a trustee and beneficiaries, administration of a trust and the retirement, removal and appointment of a trustee.

Part IA of the Trustee Ordinance relating to the statutory duty of care of a trustee has been excluded from application to Jinmao Investments because the Trustee-Manager has a specific and limited role and its duties are specified in the Trust Deed.

Part II of the Trustee Ordinance has been excluded from application to Jinmao Investments because it confers on a trustee powers of investment that are wider than appropriate for Jinmao Investments, which is a fixed single investment trust which may invest in the securities of only one entity, namely, the Shares in the Company, and in respect of which the Trustee-Manager has a specific and limited role, which is to administer Jinmao Investments.

Part III of the Trustee Ordinance has also been excluded from application to Jinmao Investments because it confers on trustees powers that are wider than those conferred on the Trustee-Manager under the Trust Deed and which would not be consistent with the specific and limited role of the Trustee-Manager. In addition, Part III of the Trustee Ordinance relates to personal representatives, which are not relevant to Jinmao Investments.

Common Law Duties of a Trustee

The obligations, duties and powers of a trustee when managing a trust vary depending on the nature of the trust. Jinmao Investments is a single fixed investment trust and the obligations, duties and powers of the Trustee-Manager are limited accordingly. Trustees' duties are usually categorised as being either "management" or "fiduciary", but they often overlap.

The Trustee-Manager's management duties under common law include, in relation to Jinmao Investments, (a) a duty on a new Trustee-Manager to acquaint itself with Jinmao Investments, (b) a duty to carry out and follow the Trust Deed, (c) a duty to treat Registered Holders of Units equally, (d) a duty to keep accounts and make the accounts and documents relating to Jin Mao Investments available to Registered Holders of Units and (e) a duty to act honestly and reasonably in good faith for the best interest of all Registered Holders of Units.

The Trustee-Manager's fiduciary duties under common law include, in relation to Jinmao Investments, (a) a duty not to purchase the Trust Property or to lend money to itself, (b) a duty not to profit by virtue of its role as trustee of Jinmao Investments, (c) a duty not to profit from confidential information regarding Jinmao Investments and (d) a duty not to put itself in a position where its interests conflict with its duties to the Registered Holders of Units.

Remedies for Breach

A Trustee-Manager which does not carry out its duties and obligations contained in the Trust Deed or as imposed by law will be in breach of trust and will be liable to the Registered Holders of Units. Generally, under the common law, when there is a breach of trust, the Trustee-Manager can be compelled to do something required by the terms of the trust (in this case, the terms of the Trust Deed) or prevented from doing something prohibited by the terms of the trust (in this case, the terms of the Trust Deed). The Trustee-Manager can also be required to restore the Trust Property that has been passed away in the breach, to provide value equivalent to the value of property passed away or to pay equitable compensation to Jinmao Investments to compensate the beneficiaries' loss. The Trustee-Manager may also be obliged to put Jinmao Investments' estate back to the same position it would have been in had the breach not occurred. However, under common law, it may be difficult to establish a liability for breach of trust, as the Unitholders must prove that the Trust Property has incurred a loss and that the loss would not have occurred but for the breach. The Trustee-Manager may also be entitled to certain defences to breach of trust under common law. These remedies would be enforced by making an application to the Hong Kong courts.

The Trust Deed limits the liability of the Trustee-Manager (including its directors, employees, servants, agents and delegates) in the absence of fraud, wilful default, negligence or breach of the Trust Deed. In addition, the Trust Deed provides that the Trustee-Manager and any of its directors, employees, servants, agents and delegates are entitled to be indemnified against any actions, costs, claims, damages, expenses, penalties or demands to which it or he/she may be subject as the trustee-manager of Jinmao Investments (or as such a director, employee, servant, agent or delegate) so long as such action, cost, claim, damage, expense, penalty or demand is not occasioned by fraud, wilful default or negligence. As a result, the rights of Jinmao Investments and the Holders of Share Stapled Units to recover claims against the Trustee-Manager are limited.

Liability Regime

Jinmao Investments can only act through the Trustee-Manager. If the Trustee-Manager enters into a contract with a third party, the Trustee-Manager is liable under the contract to a potentially unlimited degree. Similarly, the Trustee-Manager can also be personally liable in tort for its or its agents' acts or omissions in connection with the administration of Jinmao Investments.

As a general principle, creditors and contractual counterparties of Jinmao Investments and other third parties have no direct access to the Trust Property because Jinmao Investments has no separate legal existence. The Trustee-Manager is entitled under the Trust Deed to an indemnity out of the Trust Property in respect of the Trustee-Manager's personal liability where a contract has been properly entered into during the administration of Jinmao Investments and within the powers conferred by the Trust Deed and in the absence of fraud, wilful default or negligence by the Trustee-Manager. Similarly, where the Trustee-Manager has acted within its powers under the Trust Deed, it will be entitled to an indemnity in respect of claims in tort by third parties, in the absence of fraud, wilful default or negligence on the part of the Trustee-Manager.

Creditors', other contractual counterparties' and other third parties' only means of access to the Trust Property is by subrogation to the Trustee-Manager's right to be indemnified out of the Trust Property in the circumstances described above.

KEY DIFFERENCES BETWEEN JINMAO INVESTMENTS AND OTHER COMMON FORMS OF TRUSTS

There are many types of trusts established for a variety of different purposes. Trusts may be listed or unlisted. The key distinguishing features of Jinmao Investments, as compared to other types of trusts (including REITs in Hong Kong) are as follows:

(a) Jinmao Investments is a fixed single investment trust and may only invest in securities and other interests in the Company. The Trustee-Manager has a specific and limited role, which is to administer Jinmao Investments. The Trustee-Manager is not actively involved in the management of the Group's business, which is owned by the Group and the Hotels are managed by the Hotel Managers pursuant to the Hotel Management Agreements. The trustees or managers of other trusts typically have wider powers of investment and would typically invest in and manage a portfolio of securities issued by different entities and/or other assets, albeit consistent with a stated investment theme or mandate.

(b) A REIT in Hong Kong is generally permitted under the REIT Code to invest in income generating real estate only and is specifically prohibited from engaging or participating in property development activities, whereas the Group has the flexibility to undertake development projects and to invest in other types of assets, although this is not part of the Group's current business strategy.

(c) Under the REIT Code, a REIT in Hong Kong is required to distribute to the unitholders an amount which is not less than 90% of its audited annual net income after tax. Except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute to the Trustee-Manager (a) 100% of the Group Distributable Income in respect of the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter. The Trustee-Manager is required to distribute 100% of the Trust Distributable Income to Holders of Share Stapled Units.

(d) While Jinmao Investments remains in effect, the Share Stapled Units cannot be repurchased or redeemed by Jinmao Investments or the Company unless and until specific regulations which expressly permit that are introduced by the SFC. The Holders of Share Stapled Units have no right to request the Trustee-Manager to repurchase or redeem their Share Stapled Units.

(e) Any issue by Jinmao Investments and the Company of new Share Stapled Units on a non-*pro rata* basis requires prior approval by an Ordinary Resolution of Registered Holders of Units.

(f) Under the REIT Code, a REIT in Hong Kong is only permitted to borrow up to 45% of its total gross asset value. While Jinmao Investments is not permitted to incur any debt, the Trust Deed does not contain any restrictions on the ability of the Company or any of its subsidiaries to incur debt or any limit on the level of such indebtedness.

(g) Under the REIT Code, a REIT should have majority (more than 50%) ownership and control in each property at all times. There is no similar restriction on the ownership and control level of the Group.

OVERVIEW

Jinmao Investments is a fixed single investment trust in Hong Kong with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, with the hotels under development expected to commence operations within one year of the date of investment. The Group also owns Jin Mao Tower, a mixed-use development.

The initial property portfolio of the Group at the time of Listing will comprise the following properties, all of which are located in the PRC:

Completed Properties

- Jin Mao Tower, comprising Grand Hyatt Shanghai and office, retail and tourist areas
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- The Ritz-Carlton, Sanya
- Hilton Sanya Resort and Spa
- Hyatt Regency Chongming, which opened in March 2014

Hotels Under Development

- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

The Properties are located in prime, strategic locations in top tier cities or tourist hot spots in the PRC. Jin Mao Tower is an 88-storey landmark in Shanghai, with the office area of Jin Mao Tower being classified as a Grade A office building. All of the Hotels are or will, upon their completion, be managed by the Hotel Managers, all of whom are globally renowned operators of hotels (being Hyatt Hotels, Starwood, Marriott International and Hilton Worldwide).

All of the Properties (other than Jin Mao Tower) are standalone hotels. Jin Mao Tower (which is a mixed-use development) is included in the initial property portfolio of the Group because of its landmark status in the PRC, with Grand Hyatt Shanghai being regarded as the flagship hotel of the Group. It is also not commercially or operationally feasible to separate Grand Hyatt Shanghai from the office, retail and tourist areas of Jin Mao Tower as the building was designed as a whole to operate in the same development, with numerous facilities and structures within the building designed to be utilised by the hotel, office, retail and tourist areas on a shared basis.

The Hotels Under Development are expected to commence operations by the end of 2014. The Group believes the inclusion of hotels under development which are expected to commence operations within one year of the date of investment in the property portfolio of the Group strikes a balance between the time required to obtain the necessary approvals and licences and to plan for the commencement of operations of such hotels and the time which such hotels are expected to start generating revenue for the Group.

Business Operations

We derive our revenue primarily from hotel operations and rental of commercial space.

Revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Revenue from ancillary services primarily includes revenue other than room revenue and revenue from food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services and other services.

Gross rental income is mainly generated from leasing office and retail areas in Jin Mao Tower and from leasing retail areas in The Ritz-Carlton, Sanya.

In addition, to a lesser extent, our revenue includes income from operating the observation deck in Jin Mao Tower and providing property management services.

For FY2011, FY2012 and FY2013, our revenue was HK$2,685.8 million, HK$2,649.1 million and HK$2,634.2 million, respectively, and our gross profit amounted to HK$1,577.6 million, HK$1,576.2 million and HK$1,527.2 million, respectively.

PORTFOLIO OVERVIEW

The following map shows the locations of the Properties in the PRC.

Summary Statistics on the Properties

Completed Hotels

The following table sets out certain key information with respect to each Completed Hotel, where applicable, as at the Latest Practicable Date (except as otherwise indicated):

	Grand Hyatt Shanghai	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	The Ritz-Carlton, Sanya	Hilton Sanya Resort and Spa	Hyatt Regency Chongming	Total
Address	Jin Mao Tower, 88 Century Avenue, Pudong, Shanghai	7 North Dongsanhuan Road, Chaoyang District, Beijing	6005 Shennan Boulevard, Futian District, Shenzhen, Guangdong	Yalong Bay National Resort District, Sanya, Hainan	Yalong Bay National Resort District, Sanya, Hainan	No.1 Lane 799, Lan Hai Road, Chenjia Town, Chongming County, Shanghai	—
Year of Commencement of Operations	1999	2008	2009	2008	2006	2014	—
Hotel Brand	Grand Hyatt	Westin	JW Marriott	Ritz-Carlton	Hilton	Hyatt Regency	—
Hotel Manager	HCL	WHM	SGHM	RCIMC	HHMS	HIHMB	—
Total GFA (sq.m.)	76,013	77,945	51,730	83,772	75,208	48,992	413,660
Number of Rooms	555	550	411	450	501	235	2,702
Number of Food and Beverage Facilities	10	8	5	6	6	5	40
Number of Meeting/Function Rooms	19	10	8	13	16	8	74
Average Room Rate for FY2013 (HK$)	2,053	1,709	1,301	3,471	2,085	N/A(1)	2,104(2)

	Grand Hyatt Shanghai	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	The Ritz-Carlton, Sanya	Hilton Sanya Resort and Spa	Hyatt Regency Chongming	Total
Occupancy Rate for FY2013	58.6%	71.7%	75.0%	69.1%	65.8%	N/A(1)	67.6%(2)
RevPAR for FY2013 (HK$)	1,203	1,225	975	2,398	1,372	N/A(1)	1,423(2)
Revenue for FY2013 (HK$'000)	529,131	382,551	219,529	511,179	319,275	N/A(1)	1,961,665
Gross Operating Profit (before tax and other deductions) for FY2013 (HK$'000)	213,040	188,337	99,991	305,904	183,713	N/A(1)	990,985
Gross Operating Profit (after tax and other deductions) for FY2013 (HK$'000)	181,431	166,270	87,176	273,772	165,008	N/A(1)	873,657
Total Basic Management Fees and Incentive Fees Paid to the Hotel Manager for FY2013 (HK$'000)	18,146	24,373	9,823	29,034	15,292	N/A(1)	96,668
Valuation of Hotel as at 31 March 2014 by DTZ							
- in RMB million (3)	3,129	2,699	1,979	2,997	2,695	820	14,319
- in HK$ million (4)	3,980	3,433	2,517	3,812	3,428	1,043	18,213
Remaining term of land use rights (years)	30	27	32	33(5) and 48(5)	48	34	—

Notes:

(1) Not applicable as Hyatt Regency Chongming opened in March 2014.

(2) Weighted average by number of room nights across all five Hotels.

(3) Please refer to the property valuation report set out in *"Appendix IV — Property Valuation"*.

(4) Based on an exchange rate of RMB1.00 : HK$1.2719.

(5) The land use rights of two parcels of land with GFAs of 153,375 sq.m. and 1,528 sq.m. had remaining terms of 33 years and 48 years, respectively.

Hotels Under Development

The following table sets out certain key information with respect to each Hotel Under Development, where applicable, as at the Latest Practicable Date (except as otherwise indicated):

	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang	Total
Address	57 Wangfujing Avenue, Dongcheng District, Beijing	Xiangjiang Road and Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan	—
Hotel Brand	Renaissance	Grand Hyatt	—
Hotel Manager	LHCIM	HIHMB	—
Total Planned GFA (sq.m.)	44,435	82,063	126,498
Expected Number of Rooms	329	400	729
Expected Date of Commencement of Operation	End of 2014	End of 2014	—
Estimated Total Expenditure for Development (in RMB million)	673.4	1,304.0	1,977.4
Total Development Costs Incurred up to 31 December 2013 (in RMB million)	224.8	486.0	710.8
Valuation of Hotel as at 31 March 2014 by DTZ			
- in RMB million (1)	1,025	1,011	2,036
- in HK$ million (2)	1,304	1,286	2,590
Estimated Valuation of Hotel when completed by DTZ			
- in RMB million (1)	1,496	1,791	3,287
Remaining term of land use rights (years)	32	26(3), 33(3) and 38(3)	—

Notes:

(1) Please refer to the property valuation report set out in *"Appendix IV — Property Valuation"*.

(2) Based on an exchange rate of RMB1.00 : HK$1.2719.

(3) The land use rights of three parcels of land with GFAs of 11,428 sq.m., 82,000 sq.m. and 38,310 sq.m. had remaining terms of 26 years, 33 years and 38 years, respectively.

Office and Retail Areas of Jin Mao Tower

The following table sets out certain key information with respect to the office and retail areas of Jin Mao Tower, where applicable, as at the Latest Practicable Date (except as otherwise indicated):

	Jin Mao Tower
Address	88 Century Avenue, Pudong, Shanghai
Year of Commencement of Operations	1999
Total GFA (sq.m.)	292,475 (including the hotel portion) 216,462 (excluding the hotel portion)
Leasable Area for FY2013 (sq. m.)	
— Office area(1)	111,292
— Retail area	10,605
Number of Carparking Spaces	670
Revenue for FY2013 (HK$'000)	
— Office area	484,750
— Retail area	74,797
— Observation deck	64,489
Occupancy Rate for FY2013	
— Office area	98.7%
— Retail area	100.0%
Average Effective Rent (2) (per sq.m. per day) for FY2013 (HK$)	
— Office area	12.4
— Retail area	17.9
Valuation as at 31 March 2014 by DTZ	
- in RMB million (3)	7,966
- in HK$ million (4)	10,132
Remaining terms of land use rights (years)	30

Notes:

(1) Excludes an ancillary storage area of 7,472 sq.m..

(2) Average effective rental rate is calculated as the total gross office rental income divided by the total GFA leased over a period of 365 days.

(3) Please refer to the property valuation report set out in *"Appendix IV — Property Valuation"*.

(4) Based on an exchange rate of RMB1.00 : HK$1.2719.

INVESTMENT HIGHLIGHTS

The Directors consider that the Group's key competitive strengths include the following:

The only fixed single investment trust with an initial focus on the hospitality industry in the PRC with diversified income sources and customer mix from a balanced portfolio of high quality hotels and commercial property

Jinmao Investments is the only fixed single investment trust in Hong Kong with an initial focus on the hospitality industry in the PRC. The Properties are all located in prime, strategic locations in top-tier cities or tourist hot spots in the PRC and comprise high quality hotels and commercial property. As one of the leaders in the hospitality industry in the PRC, we provide investors with an investment opportunity through which they may enjoy the benefits that result from the development and growth of the PRC economy and tourism industry. We expect that the Hotels will continue to attract existing and new customers and that the RevPAR levels of the Hotels will be sustained and increased.

- ***Diversified income sources***

Our sources of income are well-diversified, with stable rental income being derived from the office and retail areas of Jin Mao Tower and the retail areas at certain Hotels. In addition, the Hotels generate revenue from various sources. Such sources include a range of facilities and services in addition to hotel rooms, including a selection of food and beverage outlets, meeting and conference facilities, banquet services and spa facilities. In FY2013, we earned (before deduction of business taxes and surcharges) approximately 48.2% of our total revenue from hotel rooms, approximately 27.7% from the Hotels' food and beverage businesses (which include conferences and banquets) and approximately 2.9% from other hotel services. We also earned approximately 19.7% of our total revenue from our rental income. Such diversified sources of income allow us to earn a steady stream of revenue.

- ***Diversified customer mix***

Our Properties focus on catering to a broad range of customers. Jin Mao Tower is home to a diverse range of tenants and retailers in different industries and is also able to attract tourists and sightseers from around the world. The Hotels typically cater to high-end business and leisure travellers and customers with specific or unique needs, spending habits and requests (such as corporate conference/exhibition customers and wedding customers). The Hotels have been actively managed to ensure they have a diversified customer base in terms of the geographical origin of customers in order to reduce our exposure to customers from any particular global region. Please see *"— Customers"* below for further information regarding the percentage of room nights by country/region of origin for FY2013. The Directors believe that the diversified and broad customer base of the Hotels also reflects the global recognition of our business and brands. As a result of this diverse customer profile, the Properties are well-positioned to capture continued growth from the PRC and across the globe.

Top quality assets with strong brand recognition and a market leading position

The Group has a distinct portfolio of top quality assets located in top tier cities or tourist hot spots in the PRC. Such assets benefit greatly from their respective established operating histories and strong brand recognition of the various managers of such assets, particularly the Hotel Managers, all of whom are globally renowned operators of hotels (being Hyatt Hotels, Starwood, Marriott International and Hilton Worldwide).

Our key top quality assets include:

- Jin Mao Tower, which is a mixed-use development comprising a wide range of upscale restaurants, retail shops, offices, a hotel and entertainment facilities and is located in the heart of the Lujiazui Financial and Trade Zone, the key financial centre in Shanghai. Jin Mao Tower has become one of the landmark buildings in the PRC;

- Grand Hyatt Shanghai, which has over 15 years of successful operating experience, was Hyatt Hotels' first flagship hotel to be opened in the PRC. It has become a highly recognised luxury hotel;

- The Ritz-Carlton, Sanya, which is located in Yalong Bay, one of Sanya's most well-known and prime locations. As property in this area is rare, we have been able to enjoy a competitive advantage; and

- Grand Hyatt Lijiang, which is a new Grand Hyatt hotel and which is expected to commence operations by the end of 2014. It is located in Lijiang, a world renowned tourist destination in the PRC. We believe this hotel will stand out among the high-end hotels in the area because of its unique design consisting of suites and hotel rooms with mountain and city views.

Furthermore, all of the Hotels are luxury hotels and enjoy convenient access to transportation, are close to popular sightseeing destinations and are easily accessible from well-known and popular shopping and business centres.

As a result of such top quality assets, Jinmao Investments is able to enjoy a market leading position as one of the largest PRC-focused listed real estate investment trusts or fixed single investment trusts in terms of total asset value.

We work closely with our globally renowned Hotel Managers, each of whom possesses first-class management skills and extensive operational experience in hotel management. Moreover, as each of the Hotel Managers has its own customer loyalty programs, we are well-placed to benefit from the large number of members who take advantage of these programs and choose to stay at the Hotels. For further information, see *"— Sales and Marketing — Loyalty Programmes"*.

Attractive market conditions which drive sustainable growth

To further strengthen our market leading position, we focus on domestic demand and are well-positioned to benefit from the PRC government's recent endeavours to stimulate economic growth through domestic consumption. In addition, we have been able to take advantage of the attractive market conditions currently present in many of the cities where our assets are located. In recent years, the PRC economy has experienced continued and rapid growth. This has resulted in (i) an increased level of business activities in the PRC, (ii) an increase in demand for high-end office and retail space, and (iii) a concentration of business resources and consumer spending power in such locations as Beijing, Shanghai, Shenzhen and other first-tier cities, with luxury hotels being located in the heart of such cities. These developments have also resulted in growth in the domestic tourism and leisure travel industries in the PRC, which in turn has resulted in a significant increase in demand for high-end and leisure hotels, which provides an opportunity for increased occupancy rates and average room rates at all of the Hotels, as well as the potential for sustainable and long-term growth.

Furthermore, such economic developments have resulted in new and additional infrastructure projects being planned and executed in such cities as Shanghai, Beijing and Shenzhen, which are expected to further promote tourism and consumer spending in those cities. Such projects include, but are not limited to, (i) launching a pilot free trade zone in Shanghai and further developing the Pudong New District of Shanghai into an international travel and vacation destination, with the Shanghai Disney Resort as the core driver (according to the Pudong 12th Five-Year Plan); (ii) continuing to develop Beijing into a well-known conference and exhibition destination, at the same time increasing its number of high-end tourists and visitors, according to the Beijing 12th Five-Year Plan; and (iii) the recent completion of the Xiamen-Shenzhen Railway and the T3 terminal at the Shenzhen Airport as well as the Hong Kong — Zhuhai — Macau Bridge, which is scheduled to be completed in 2016.

The economic developments in the PRC have also contributed in part to the growth of the tourism industry in the PRC. According to DTZ, the independent market research consultant, domestic tourism in the PRC increased at a CAGR of 12.9% from FY2007 to FY2012, with the number of domestic tourists in FY2012 reaching approximately 3.0 billion. In addition, total tourist revenue in the PRC increased at a CAGR of 18.7% from FY2007 to FY2012, reaching approximately RMB2.6 trillion in FY2012. During the same period, revenue from star-rated hotels increased at a CAGR of 8.0%, reaching RMB243 billion in FY2012, with approximately 44.8% of that amount comprising revenue derived from food and beverage services. Such trends are expected to continue in the future, with tourism industry revenue increasing in the PRC at an average annual growth rate of 10.0% from FY2011 to FY2015, according to DTZ.

By leveraging our management and execution capabilities as well as our local knowledge of the markets where our properties are located, we have been able to take advantage of the recent economic and tourism growth and development in the PRC and have been able to benefit from the continued improvement and optimisation of the living standards and consumption levels of the PRC population.

Consistent optimisation of assets

The Properties included in the portfolio of the Group have been actively managed and enhanced by consistent renovation and transformation so as to maintain their attractiveness and to continue to bring in new tenants and customers. In order to facilitate such consistent enhancements, we have developed and implemented certain asset enhancement programs to increase the value and returns of the Properties. Such efforts include (i) refurbishing, rejuvenating and modernising hotel rooms and adding new facilities, such as the room renovations at Grand Hyatt Shanghai which commenced in stages in 2011 and which are expected to be completed by the end of 2014; (ii) improving the tenant mix at the Properties through adding new high-end tenants such as Prada (new high-end tenants which were added to the retail areas of The Ritz-Carlton, Sanya resulted in increased rental income); and (iii) enhancing energy efficiency at Jin Mao Tower.

The above measures have resulted in, and are expected to result in, (a) increased return on investment ("**ROI**"), (b) enhanced competitiveness of the Hotels, (c) an improvement in the operational performance of the Properties, (d) enhanced customer and tenant satisfaction and perception of the Properties, and (e) increased average rental rates at certain retail locations of the Hotels and at Jin Mao Tower. We will also continue to look for new and effective ways to improve the aesthetic quality and operational efficiency of the Properties while at the same time enhancing our operating performance.

In addition, we are also an experienced and well-qualified rental property management team with a proven track record of success. For example, we have, historically, been able to fully sustain the occupancy and rental rates at Jin Mao Tower, with rental rates at Jin Mao Tower still having room for growth when compared to prevailing market rates.

A professional management team with a successful track record and platform

We benefit from our experienced professional management team. The Group has an experienced board of Directors and the Directors are able to leverage their extensive experience in hospitality, property and asset management in the PRC and elsewhere around the world. For example, certain Directors, as a result of their current or previous positions at Franshion, have been involved in the management of Franshion's luxury hotels in the PRC. A number of the Directors are also experienced in hotel and property acquisitions, development and management. Moreover, other members of our management team also have solid industry experience and strong execution capabilities. Their ability to identify and act effectively on market opportunities with a pioneering vision provides us with a competitive edge to capture and capitalise on important market trends and market niches.

Furthermore, our management team participates with the Hotel Managers in the marketing and management of the Hotels, and monitors the services and overall quality of the Hotels. Our management team also actively monitors the maintenance and renovation of the Hotels, and ensures that all capital expenditures and FF&E expenses are prudent and appropriate. Through years of such active participation and cooperation with the Hotel Managers, the Directors and other members of our management team have accumulated valuable experience with regard to hotel management which has allowed us to increase the value of the Group's business.

In addition to our management team, our platform provides us with increased operational efficiency and greater profitability. Central to our platform is our centralised procurement system, which (i) requires potential suppliers to engage in a bidding process, thereby ensuring top quality items at all of the Properties at a favourable price, and (ii) provides a platform whereby prices for items may be quickly and easily compared.

We believe that our platform has in part helped us to achieve a gross operating profit which exceeds that of some of our competitors and enables us to enjoy larger economies of scale and a higher profit margin.

Support from a strong parent company with a synergistic relationship

Our Controlling Holder of Share Stapled Units, Franshion, is a leading real estate investment and development company in the PRC that is listed on the Stock Exchange.

Immediately following the completion of the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue (assuming the Over-allotment Option is not exercised). Through the Distribution Guarantee, the Shortfall Payments and other arrangements (including the Hotel Arrangements and non-compete undertaking given by Franshion), Franshion will help to ensure a favourable return for investors and sustainable growth for the Group. Conversely, we provide the Hotel Property Management Services to Franshion, which primarily relate to advising Franshion on hotel improvements and overseeing the financial performance of the Excluded Hotels. As a result, we are able to enjoy a synergistic relationship where both parties are able to leverage on their respective strengths in order to achieve mutual support and growth.

In addition, Franshion has entered into the Hotel Arrangements, which are designed to minimise conflicts of interest or competition between the Franshion Group and the Group. Such Hotel Arrangements also enable the Group to pursue opportunities that the Directors believe are yield accretive or beneficial to the Group, both from Franshion's current and future development portfolios and from third parties through Franshion's network. In the highly competitive landscape of the hotel industry in the PRC, it is not easy to identify and acquire suitable hotels and the support from Franshion is expected to provide the Group with access to a pipeline of hotels for future acquisitions. The Directors believe that the option to purchase any hotels acquired by Franshion pursuant to such Hotel Arrangements will support the Group's long-term growth and facilitate the expansion of its hotel portfolio.

BUSINESS STRATEGIES

The objectives of Jinmao Investments and the Company are (i) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (ii) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits that flow from the enhancement in the value of the Group's portfolio of properties.

The Group intends to achieve its objectives through the following key business strategies:

Seek asset enhancement opportunities and implement proactive measures to manage and improve asset quality

We intend to identify, evaluate and approve property improvement opportunities and will conduct asset enhancement programmes that aim to maintain the attractiveness of the Hotels, enhance the revenue-generating abilities and profitability of our operations and increase our market share and ROI. Such programmes will focus on (i) the renovation of hotel rooms, and (ii) the improvement of the retail, sightseeing and entertainment facilities located throughout the Properties. Furthermore, we will also implement promotional and competitive measures intended to strengthen Jin Mao's landmark status in Shanghai.

During the Track Record Period, key enhancement programmes included the room renovations at Grand Hyatt Shanghai which commenced in stages in 2011. Renovation work for approximately 400 hotel rooms was completed by the end of 2013 and it is expected that the renovation work for the remaining rooms will be completed by the end of 2014. In addition, it is anticipated that certain key asset enhancement programmes will begin by the end of 2014. Such programmes primarily include the renovation of Hilton Sanya Resort and Spa, which will undergo its most significant renovation since its opening. For further information, see *" — Asset Enhancements and Capital Expenditure — Planned Projects"*.

The Directors believe that these asset enhancement endeavours will result in higher room and rental revenue and higher food and beverage revenue.

Leverage on the experience, market reach and network of the Franshion Group in the hospitality industry to source and pursue value-enhancing acquisitions

The Group will prudently evaluate acquisition opportunities and will take into account factors such as geographic location, strong fundamentals, growth potential and the long-term impact on Jinmao Investments.

To demonstrate its support for the Group, Franshion has entered into the Hotel Arrangements with the Company, which are designed to minimise conflicts of interest and competition between the Franshion Group and the Group. Such arrangements also enable the Group to pursue opportunities that the Directors believe are yield accretive or beneficial to the Group both from Franshion's current and future development portfolios and from third parties through Franshion's network. In addition, the Group will also benefit from both Franshion's extensive domestic and overseas network and acquisition experience as well as their own experience in the hospitality industry in the PRC.

The Group will evaluate acquisitions of hotels from Franshion pursuant to the Hotel Arrangements as well as acquisitions of independent third party hospitality assets that satisfy the Group's investment mandate. In evaluating future acquisition opportunities, the Group will apply the following investment criteria:

- *Geographical locations*

  The Group will initially focus on the PRC in order to benefit from the growth of the domestic tourism and leisure travel industry and will subsequently consider other opportunities and overseas acquisitions.

- *Strong fundamentals and growth potential*

  The Group may also acquire assets with strong existing or growth potential for increasing future RevPAR through operational and management improvements or asset enhancements.

- *Total return requirements with yields that are estimated to be above the cost of capital*

  The Group will select assets which the Directors believe will enhance the long-term value of the Group while taking into account regulatory, commercial and other relevant factors.

Improve the operational efficiency of the Properties

The Group intends to work with the Hotel Managers and other parties to actively manage the Properties and optimise revenue. We intend to take the following actions at the Properties:

The Hotels

- increase both the number of repeat customers and new customers through providing quality and targeted services and through broadening the sources of customers;
- enhance our sales and marketing endeavours, along with our customer service efforts to improve our gross operating profit;
- continue to reward customer loyalty through the various loyalty programmes operated by the Hotel Managers; and
- introduce promotional programmes based on the business cycle to target priority customers and optimise our business mix.

The Group intends to work with the Hotel Managers to actively reduce our operating costs by:

- increasing the efficiency and effectiveness of our centralised procurement system and our profit margin;
- maximising operational efficiency and productivity;

- maintaining a flexible cost structure which is adjustable to changes in economic and market trends; and

- reviewing pricing of food and beverage services.

The Group also intends to work with the Hotel Managers to actively maintain strong competitiveness by attracting and retaining the best talent through the Hotel Managers' hospitality training and global mobility opportunities as well as through their career advancement paths.

Jin Mao Tower

- continuously optimise our retail and office tenant mix to achieve rental reversion and maintain high occupancy rates;

- continue to upgrade Jin Mao Tower through enhancements, renovations and refurbishments so as to enhance its marketability to tenants and strengthen its image; and

- proactively manage leases and capture opportunities so as to secure rental income prior to the expiries of the leases and avoid vacant or unused retail and office space.

We believe the above measures will allow us to maintain the high quality of our Properties and services and will ensure that each of our Properties will continue to add value to our portfolio.

Endeavour to maintain a prudent capital and investment structure, diversified and flexible sources of funding and a strong and healthy financial position

We intend to maintain a prudent capital and investment structure through enhancing our capital management policies and risk management strategies. We aim to (i) continue to deploy our capital effectively and (ii) bolster our risk management practices to balance our risks against our returns.

We intend to maintain diversified and flexible sources of funding to minimise financing costs and concentration risks. We may use a combination of sources to fund future acquisitions and asset enhancements, such as (i) income generated from operations, (ii) bank borrowings and (iii) other funding raised through equity and/or debt capital markets.

Furthermore, we intend to maintain a strong and healthy financial position and to maximise our capital return through a disciplined approach to cost management and through continuing to implement strict cost control measures. Our intention is to maintain a positive credit record so as to ensure accessibility to funding at relatively low costs. We will also closely monitor capital and/or debt markets and maintain access to, and explore, different financing alternatives.

SELECTED OPERATING STATISTICS OF THE COMPLETED HOTELS

The tables below set out the operating statistics of the Completed Hotels other than Hyatt Regency Chongming as such Hotel opened in March 2014.

Total Revenue

The following table sets out the total revenue for the Completed Hotels for the period between 2004 and 2013:

	Year ended 31 December									
Hotels	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)
Grand Hyatt Shanghai	618,032	691,594	731,770	785,987	689,720	523,515	716,841	564,815	552,135	529,131
The Westin Beijing Chaoyang	N/A	N/A	N/A	N/A	142,960	241,561	327,578	402,126	443,242	382,551
JW Marriott Hotel Shenzhen	N/A	N/A	N/A	N/A	N/A	74,883	160,051	197,447	201,929	219,529
The Ritz-Carlton, Sanya	N/A	N/A	N/A	N/A	174,402	397,768	501,732	558,927	499,736	511,179
Hilton Sanya Resort and Spa	N/A	N/A	188,357	321,246	332,793	299,365	341,654	375,597	312,993	319,275

Average Room Rates

The following table sets out the average room rates for the Completed Hotels during the Track Record Period:

	Year ended 31 December		
Hotel	2011	2012	2013
	(HK$)	(HK$)	(HK$)
Grand Hyatt Shanghai	2,135	2,060	2,053
The Westin Beijing Chaoyang	1,636	1,893	1,709
JW Marriott Hotel Shenzhen	1,161	1,260	1,301
The Ritz-Carlton, Sanya	3,354	3,788	3,471
Hilton Sanya Resort and Spa	2,435	2,282	2,085
Weighted average for all Hotels (1)	**2,142**	**2,210**	**2,104**

Note:

(1) Weighted average by number of rooms across all five Hotels.

Average room rate is calculated as room revenue divided by the total number of rooms sold in a given period. Average room rates measure average room prices attained by a hotel and average room rate trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel. The actual room rate charged to guests depends on various factors, including, but not limited to, the date the reservation is made, the date of the stay and the distribution channel through which the reservation is made. See *"— Sales and Marketing — Sales Distribution Channels"* below for further details of different sales distribution channels.

Occupancy Rates

The following table sets out the occupancy rates of the Completed Hotels for the period between 2004 and 2013:

Hotels	Year ended 31 December									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
	%	%	%	%	%	%	%	%	%	%
Grand Hyatt Shanghai	84.9	81.8	75.5	72.1	59.5	57.0	72.3	59.0	60.0	58.6
The Westin Beijing Chaoyang	N/A	N/A	N/A	N/A	27.4	53.0	67.9	78.6	76.5	71.7
JW Marriott Hotel Shenzhen	N/A	N/A	N/A	N/A	N/A	39.7	71.4	74.3	71.5	75.0
The Ritz-Carlton, Sanya	N/A	N/A	N/A	N/A	49.7	75.1	76.2	77.4	62.1	69.1
Hilton Sanya Resort and Spa	N/A	N/A	64.4	72.0	68.5	67.6	66.6	67.5	59.2	65.8
Weighted average for all Hotels[(1)]	**84.9**	**81.8**	**70.2**	**72.0**	**51.0**	**58.7**	**70.7**	**71.0**	**65.8**	**67.6**

Note:

(1) Weighted average by number of room nights across all five Hotels.

Occupancy rate is calculated as the aggregate number of room nights sold as a percentage of the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations.

Revenue Per Available Room (RevPAR)

The following table sets out the RevPAR for the Completed Hotels during the Track Record Period:

Hotel	Year ended 31 December		
	2011	2012	2013
	(HK$)	(HK$)	(HK$)
Grand Hyatt Shanghai	1,261	1,236	1,203
The Westin Beijing Chaoyang	1,285	1,449	1,225
JW Marriott Hotel Shenzhen	862	901	975
The Ritz-Carlton, Sanya	2,597	2,353	2,398
Hilton Sanya Resort and Spa	1,643	1,351	1,372
Weighted average for all Hotels [(1)]	**1,521**	**1,455**	**1,423**

Note:

(1) Weighted average by number of room nights across all five Hotels.

RevPAR is calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total number of rooms in inventory due to renovations or other considerations.

Room Revenue

The following table sets out the aggregate room revenue for the Completed Hotels during the Track Record Period:

Hotel	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Grand Hyatt Shanghai	255,320	251,087	243,688
The Westin Beijing Chaoyang	257,865	291,713	245,983
JW Marriott Hotel Shenzhen	126,502	132,577	143,153
The Ritz-Carlton, Sanya	422,420	382,679	390,075
Hilton Sanya Resort and Spa	295,099	243,317	246,273

Food and Beverage Revenue

The following table sets out the food and beverage revenue and average food and beverage check per person for each Completed Hotel during the Track Record Period, with average food and beverage check per person being calculated as the total food and beverage revenue (including service charge) divided by the total number of covers:

Hotel	Year ended 31 December		
	2011	2012	2013
Grand Hyatt Shanghai			
– Food and beverage revenue (HK$'000)	332,014	324,147	307,019
– Average food and beverage check per person (HK$)[1]	369	373	376
The Westin Beijing Chaoyang			
– Food and beverage revenue (HK$'000)	142,963	148,979	133,933
– Average food and beverage check per person (HK$)[1]	321	347	348
JW Marriott Hotel Shenzhen			
– Food and beverage revenue (HK$'000)	76,388	75,372	80,142
– Average food and beverage check per person (HK$)[1]	338	337	331
The Ritz-Carlton, Sanya			
– Food and beverage revenue (HK$'000)	143,887	126,835	128,036
– Average food and beverage check per person (HK$)[1]	275	297	269
Hilton Sanya Resort and Spa			
– Food and beverage revenue (HK$'000)	89,283	75,952	80,964
– Average food and beverage check per person (HK$)[1]	229	236	231

Note:

(1) Derived from the Hotels' internal data systems.

BUSINESS OPERATIONS

Hotel Operations

All of the Hotels are, or will, upon their completion, be managed by the Hotel Managers, all of whom are globally renowned operators of hotels. The Hotel Managers have been appointed to manage the day-to-day operations and marketing of the Hotels pursuant to the respective Hotel Management Agreements, each with a duration of at least 15 years.

Under the Hotel Management Agreements, we are required to pay basic management fees and incentive fees to the Hotel Managers, which are calculated by reference to the revenue and gross operating profit of the relevant Hotel, respectively, and certain group services and benefit-related fees.

In addition, the Hotel Managers provide global marketing and advertising services for their respective hotel brands, centralised reservations, sales services and other hotel specific services to the relevant Hotel. Save for the general manager and executives of certain Hotels, the employees engaged in our hotel operations are employed directly by the Group.

For further details on the Hotel Managers and the Hotel Management Agreements, see *"— Hotel Managers and Hotel Management Agreements"* below.

Our revenue from hotel operations is generated from hotel rooms, food and beverage businesses and ancillary services. Our revenue from ancillary services primarily includes revenue other than room revenue and revenue from food and beverage businesses, such as revenue from laundry, telephone charges, spa services, hotel car services or other services.

Rental of Commercial Properties

Our income from commercial properties is derived primarily from the rental of the commercial and retail areas in Jin Mao Tower in Shanghai. The 3rd to 50th floors (inclusive) of Jin Mao Tower comprise Grade A offices and the retail area is located in the six-level podium building of Jin Mao Tower.

Office tenants in Jin Mao Tower include well-known domestic corporations, multinational corporations and international institutions. The weighted average lease term to expiry for the office area of Jin Mao Tower was approximately six years as at 31 December 2013.

Jin Mao Tower's retail area primarily consists of "J-Life", which is anchored by flagship stores of well-known retail brands. The weighted average lease term to expiry for the retail area of Jin Mao Tower was approximately 5.5 years as at 31 December 2013.

For further details on the office and retail areas in Jin Mao Tower, see *"— Description of Each Property — Completed Properties — Jin Mao Tower"* below.

To a lesser extent, our revenue includes income from operating the observation deck in Jin Mao Tower and we also derive a small portion of gross rental income from the leasing of retail areas in The Ritz-Carlton, Sanya.

Other Businesses

We derive a small portion of our revenue from other businesses, which include the operation of the observation deck in Jin Mao Tower and property management services. We also have taxi and car chauffeur services with a joint venture partner. See "— *Description of Each Property — Completed Properties — Jin Mao Tower*" below for further details of the observation deck and "— *Other Businesses*" below for further details of the taxi and car chauffeur services and property management services.

DESCRIPTION OF EACH PROPERTY

COMPLETED PROPERTIES

(1) JIN MAO TOWER

Overview

Jin Mao Tower is a mixed-use development comprising a wide array of upscale restaurants, retail shops, offices, a hotel and tourist and entertainment facilities. Jin Mao Tower is located at 88 Century Avenue in the heart of the Lujiazui Finance and Trade Zone in Shanghai's Pudong district and is in close proximity to the Lujiazui Metro Station on Metro Line 2. Jin Mao Tower is within easy access to the Shanghai Bund, the Shanghai Stock Exchange, the Shanghai World Financial Centre and the International Convention Centre. Widely regarded as one of the landmark buildings in the PRC, Jin Mao Tower's distinctive architectural structure is generally considered to be a harmonious combination of traditional Chinese architectural techniques and modern technology.

Jin Mao Tower is 420.5 metres in height and has 88 floors with a total GFA of approximately 292,475 sq.m.. The first two floors are the lobby, the 3rd to 50th floors are offices (including the emergency shelter floors on the 15th and 30th floors, which contains no lettable space), the 51st and 52nd floors are mechanical rooms, the 53rd to 87th floors house Grand Hyatt Shanghai and the 88th floor is a tourist attraction with an observation deck. Jin Mao Tower's retail space includes a fashion and recreation centre in a six-level podium building known as "J-Life" as well as retail space in the lobby and the lower ground floors.

Notwithstanding the fact that all of the Properties (other than Jin Mao Tower) are standalone hotels, Jin Mao Tower is included in the initial property portfolio of the Group because of its landmark status in the PRC, with Grand Hyatt Shanghai being regarded as the flagship hotel of the Group. It is also not commercially or operationally feasible to separate Grand Hyatt Shanghai from the office, retail and tourist areas of Jin Mao Tower as the building was designed as a whole to operate in the same development, with numerous facilities and structures within the building designed to be utilised by the hotel, office, retail and tourist areas on a shared basis. Other than Jin Mao Tower, the Group has no present intention to own and invest in a mixed-use development with a hotel portion, given the different nature, risks and financing profiles for hotels and commercial properties.

The following table sets out the revenue, GFA and valuation in relation to Jin Mao Tower:

	Office	**Hotel**	**Retail**	**Observation Deck**	**Carpark**	**Total**
FY2013 Revenue (HK$ million)	484.8	560.8	74.8	64.5	5.1	**1,190.0**
GFA (sq.m.)	137,121.0[(3)]	76,013.1	35,658.9	1,884.9	41,797.5	**292,475.4**
% of Total GFA	46.9	26.0	12.2	0.6	14.3	**100.0**
Valuation as at 31 March 2014 by DTZ						
- in RMB million[(1)]	6,579.0	3,129.0	1,115.0	137.0	135.0	**11,095.0**
- in HK$ million[(2)]	8,367.8	3,979.8	1,418.2	174.3	171.7	**14,111.8**
% of Total Valuation	59.3	28.3	10.0	1.2	1.2	**100.0**

Notes:

(1) Please refer to the property valuation report set out in *"Appendix IV — Property Valuation"*.

(2) Based on an exchange rate of RMB1.00 : HK$1.2719.

(3) Including the emergency shelter floors on the 15th and 30th floors, with a GFA of 1,378.51 sq.m..

Grand Hyatt Shanghai

Hotel Overview

Grand Hyatt Shanghai is a luxury hotel and is regarded as one of the "highest hotels in the world". The Hotel is located on the 53rd to 87th floor of Jin Mao Tower and commenced operations in 1999.

Hotel Rooms

Grand Hyatt Shanghai offers 555 rooms (including 45 suites), each offering luxurious and contemporary accommodations and amenities, including floor-to-ceiling windows, views of the city, spacious marble bathrooms and in-room technologies such as broadband and wireless internet access. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Chairman Suite	285	1
Presidential Suite	175	2
Diplomat Suite	100	8
Grand Suite	68	17
Grand Suite Riverview	68	17
Rooms		
Club Deluxe Riverview Room	50	26
Riverview Deluxe Room	45	14
Grand Deluxe Room	35-40	14
Grand Club Room	35-40	66
Grand Riverview Room	35-40	225
Grand Room	35-40	165
Total		**555**

Banqueting and Meeting Facilities

Grand Hyatt Shanghai's banqueting and meeting facilities include:

- the Communications and Business Centre located on the 54th floor of Jin Mao Tower, which provides services and facilities for business travellers, including 24-hour confidential office services, secretarial support, translation services, facsimile transmission and office equipment rental services;

- the Grand Ballroom located on the 2nd floor of Jin Mao Tower, which consists of a group of three medium-sized interconnecting rooms with a total space of approximately 920 sq.m. and features a cathedral of wood and bronze, with details reflecting the geometric designs of Shanghai's Art Deco heritage, making it the ideal setting for the grandest of metropolitan events. The Grand Ballroom is the largest event venue of the Hotel with high ceilings, a rectangular shape and pillarless design and can be used in any combination, either individually, in pairs or with all three opened into a larger space for up to 788 people for a seated dinner, or up to 1,200 people for a cocktail party. For conferences, the Grand Ballroom can hold up to 1,200 people in theatre style, up to 640 in classroom style and up to 175 people in u-shape style; and

- 19 versatile function rooms with conference, technology and communications equipment ranging in sizes from 45 sq.m. to 104 sq.m..

Grand Hyatt Shanghai has been the venue for major international events including the "Fortune Global Forum" in 1999 and the "APEC Conference" in 2001.

Food and Beverage Facilities

Grand Hyatt Shanghai offers a range of food and beverage options, with 10 restaurants and bars which include:

- **Grand Café**, one of the most popular restaurants in Shanghai with magnificent views of the city, featuring a contemporary Art Deco bistro atmosphere and which serves fresh, authentic food around the clock. At the heart of this hotel buffet is its open kitchen, allowing restaurant guests to watch chefs cook their food behind the counter, delivering a truly unique dining experience. In addition to the wide variety of food offered in the show kitchen, the à la carte menu focuses on bistro-style food, while the bistro menu offers authentic Shanghainese home cooking;

- **Canton**, offers traditional Cantonese cuisine and is located on the 55th floor of Jin Mao Tower with a 360-degree view of the city and overlooks the double height lobby. Canton has six private rooms, all with views of Shanghai and of varying sizes, with the largest private room able to accommodate up to 34 guests;

- **Club Jin Mao**, one of the most famous restaurants in Shanghai. It is regarded as one of the city's most prestigious Shanghainese restaurants, offers authentic Shanghainese cuisine and is located on the 86th floor of Jin Mao Tower. Club Jin Mao has six private rooms, with the largest private room able to cater accommodate up to 40 guests;

- **ON56**, an extensive four-in-one dining concept on the 56th floor of Jin Mao Tower which consists of Kobachi, Cucina, The Grill and Patio;

- **Cloud 9**, which offers creative cocktails named after the stars, a great collection of champagnes and sparkling wines and is located on the 87th floor in the apex of the Jin Mao Tower with a 360-degree view of Shanghai from one of the highest points in the city. The "sky lounge" at Grand Hyatt Shanghai was named one of "The World's Great Gathering Places" by Newsweek in November 1999;

- **Piano Bar**, which features subtle lighting and music by its resident jazz band and is located on the 53rd floor of Jin Mao Tower with panoramic views of the Shanghai Bund; and

- **Food Live**, a food court which offers a variety of Asian and Chinese food options.

Recreational Facilities

Recreational facilities at Grant Hyatt Shanghai include the following:

- Club Oasis Spa, which offers renowned traditional Chinese medical massage and a wide range of spa treatments in spacious and luxurious spa areas lined with Italian marble and mosaics. Its massage rooms feature floor-to-ceiling sliding picture windows that provide unhindered views of the Shanghai skyline;

- a "sky pool", one of the highest pools in the world, which offers a breathtaking panorama of the Shanghai skyline and features a temperature-controlled indoor swimming pool; and

- a 24-hour fitness centre, which offers various fitness programmes and fitness and recreational facilities.

Club Level

The Grand Club Lounge, located on the 83rd floor, offers club and suite guests daily refreshments and meeting room services during their stay. In addition, club guests can check in at the private concierge counter located in the Grand Club Lounge.

Awards

Since the commencement of its operations, Grand Hyatt Shanghai has received more than 100 hotel-related awards in the PRC and internationally, including the following key awards during the Track Record Period:

- "Shanghai's Best Business Hotel for 2011" by Hong Kong's Most Valuable Companies 2011;

- "Best Standard Room for 2012" by TimeOut Shanghai magazine;

- "2012 Readers' Choice — Shanghai's Best Hotel" by DestinAsia for the sixth time;

- "Shanghai's Best Hotel for 2012" by FinanceAsia;

- "2012 Gold List Award of China Tourism — Best Business Hotel of the Year" by Trends Traveler; and

- "2012-2013 City Landmark Hotel" by the Organising Committee of the China Hotel Industry Summit.

Office Area

The 3rd to 50th floors (inclusive) of Jin Mao Tower comprise Grade A offices. The office lease space of Jin Mao Tower has a total GFA of approximately 137,121.0 sq.m., with a leasable area of 111,292 sq.m. and offers a variety of floor plans ranging from approximately 1,985 to 3,017 sq.m. to meet the needs of different tenants.

We believe office tenants choose Jin Mao Tower because of its prime location and landmark status. Office tenants in Jin Mao Tower include well-known domestic corporations, multinational corporations and international institutions. Over 30 of our office tenants are Fortune 500 companies. As at 31 December 2013, there were 119 office tenants in Jin Mao Tower. The five largest office tenants (in terms of rental income for the month ended 31 December 2013) in Jin Mao Tower contributed 27.7% of the total office rental income of Jin Mao Tower for the month ended 31 December 2013 and accounted for 31.0% of the total leased office area of Jin Mao Tower as at 31 December 2013. Two of these five largest office tenants were subsidiaries of the Sinochem Group and connected persons of the Trust Group, with the remaining three largest office tenants being independent third parties. See *"Connected Transactions"* for more information on such office leases.

The following table sets out the average occupancy rate of the office area of Jin Mao Tower during the Track Record Period, with average occupancy rate being calculated as the sum of the occupancy rates of each month divided by the number of months comprised in the relevant period:

Year ended 31 December	Average Occupancy Rate (%)(1)
2011	97.2
2012	97.0
2013	98.7

Note:

(1) Excludes an ancillary storage area of 7,472 sq.m..

The following table sets out the average effective rent and gross office rental income of Jin Mao Tower during the Track Record Period:

Year ended 31 December	Average Effective Rent(1)	Gross Office Rental Income(2)
	(HK$ per sq.m. per day)	(HK$'000)
2011	10.2	403,330
2012	11.4	457,339
2013	12.4	484,750

Notes:

(1) Excludes an ancillary storage area of 7,472 sq.m..

(2) Includes rental income of an ancillary storage area of 8.1 million sq.m., 9.4 million sq.m. and 9.9 million sq.m. for FY2011, FY2012 and FY2013, respectively.

The rental reversion rate achieved on new leases in respect of space attributable to leases of the office area of Jin Mao Tower expiring in 2013 increased by 20.0%. The retention rate in 2013 for the office area of Jin Mao Tower was 85.0%.

The weighted average lease term to expiry for the office area of Jin Mao Tower was approximately six years as at 31 December 2013. The following table sets out the percentages of the total leased area of the office area of Jin Mao Tower taken up as at 31 December 2013 by leases expiring in the periods shown and the percentage of total rental income of the office area of Jin Mao Tower for the month ended 31 December 2013 attributable to those leases expiring in the periods shown:

Period	Lease Expiry By Leased Area	Lease Expiry by Rental Income
	(%)	(%)
Six months ending 30 June 2014	17.0	19.3
Ending 31 December 2014	29.5	34.3
Ending 31 December 2015	31.4	30.2
Ending in 2016 and beyond	22.1	16.3

Retail Area

Jin Mao Tower's retail area primarily consists of "J-Life", which is constructed on a GFA of approximately 35,658.9 sq.m., with a leasable area of 10,605 sq.m., and is located in the six-level podium building of Jin Mao Tower. "J-Life", whose tenants include retail stores, medical clinics, financial services providers and Chinese and western restaurants, has become one of the lifestyle service centres in the Pudong district of Shanghai.

As at 31 December 2013, there were 28 retail tenants in Jin Mao Tower. The five largest retail tenants (in terms of rental income for the month ended 31 December 2013) in Jin Mao Tower contributed to 51.7% of the total retail rental income of Jin Mao Tower for the month ended 31 December 2013 and accounted for 38.5% of the total leased retail area of Jin Mao Tower as at 31 December 2013.

The following table sets out the average occupancy rate of the retail area of Jin Mao Tower during the Track Record Period:

Year ended 31 December	Average Occupancy Rate (%)
2011	97.0
2012	100.0
2013	100.0

The following table sets out the average effective rent and gross retail rental income of Jin Mao Tower during the Track Record Period:

Year ended 31 December	Average Effective Rent	Gross Retail Rental Income
	(HK$ per sq.m. per day)	(HK$'000)
2011	14.5	53,860
2012	16.6	68,186
2013	17.9	74,797

The rental reversion achieved on new leases in respect of space attributable to leases of the retail area of Jin Mao Tower expiring in 2013 increased by 3.3%. The retention rate in 2013 for the retail area of Jin Mao Tower was 100.0%.

The weighted average lease term to expiry for the retail area of Jin Mao Tower was approximately 5.5 years as at 31 December 2013. The following table sets out the percentages of the total leased area of the retail area of Jin Mao Tower taken up as at 31 December 2013 by leases expiring in the periods shown and the percentage of total rental income of the retail area of Jin Mao Tower for the month ended 31 December 2013 attributable to those leases expiring in the periods shown:

Period	Lease Expiry By Leased Area	Lease Expiry by Rental Income
	(%)	(%)
Six months ending 30 June 2014	6.1	18.5
Ending 31 December 2014	44.7	28.3
Ending 31 December 2015	14.9	24.5
Ending in 2016 and beyond	34.2	28.7

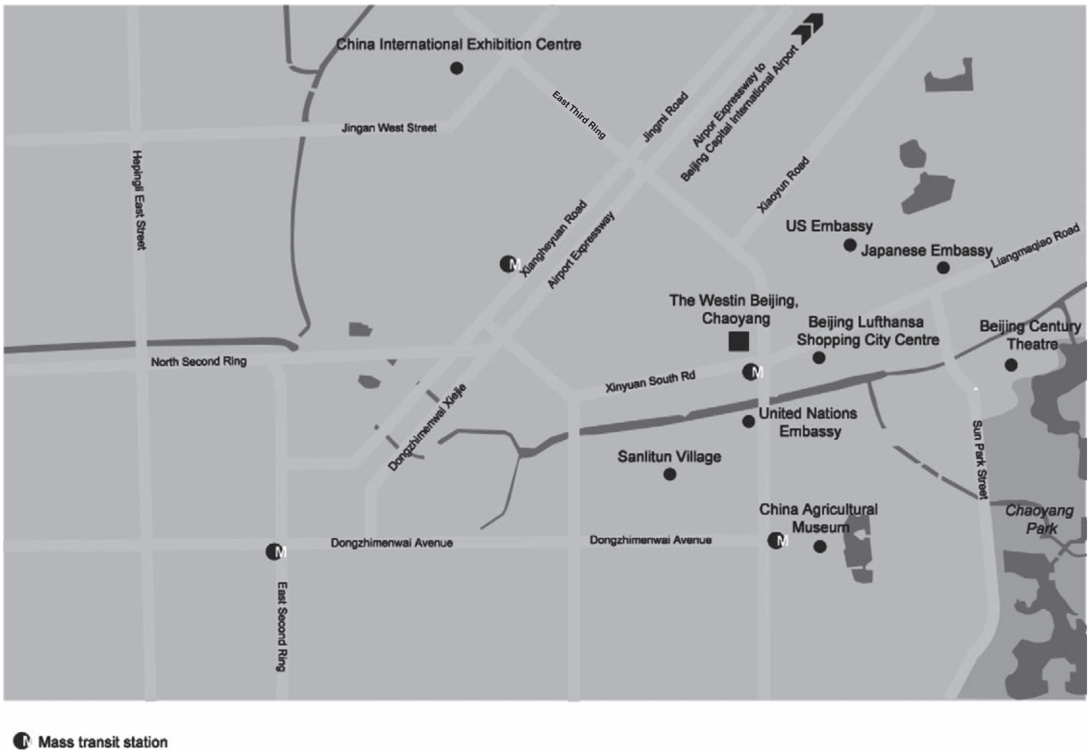
Observation Deck

The observation deck on the 88th floor of Jin Mao Tower is a popular tourist attraction in Shanghai which offers scenic views of Shanghai. Two high speed elevators take visitors from the basement to the 88th floor of Jin Mao Tower in approximately 45 seconds. During FY2013, the observation deck attracted over one million visitors.

(2) THE WESTIN BEIJING CHAOYANG

Hotel Overview

The Westin Beijing Chaoyang is a 34-storey luxury hotel located near Sanlitun, the central commercial area of Beijing and home to embassies, corporate headquarters and retail shopping malls. The Hotel forms part of a large multi-functional complex along the Liangma River in Beijing's business district in the East Third Ring Road of Chaoyang District and offers easy access to the popular Sanlitun entertainment district, the China International Exhibition Centre and Beijing Capital International Airport.



Hotel Rooms

The Westin Beijing Chaoyang offers 550 rooms (including 53 suites), each offering luxurious accommodation and amenities, including floor-to-ceiling windows, luxury bedding and modern amenities such as satellite channels, a well-stocked work area and high-speed internet access. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Jinmao Presidential Suite	320	1
Westin Diplomatic Suite	140	4
Westin Executive Renewal Suite	100	6
Westin Renewal Suite	100	42
Rooms		
Westin Executive Renewal Room	60	12
Westin Workout Room	60	3
Westin Studio	60	81
Westin Accessible Room	40	3
Westin Executive Deluxe Room	40	63
Westin Premier Room	40	144
Westin Deluxe Room	40	191
Total		**550**

Banqueting and Meeting Facilities

The Westin Beijing Chaoyang's banqueting and meeting facilities feature the latest in audiovisual technology, high-speed wireless internet connectivity and 5-star culinary service. The two Ballrooms and the boardroom are equipped with built-in projectors and screens with video-conferencing capability. The remaining rooms are adaptable for a variety of purposes.

The Hotel offers event planning services, including arranging stylish transportation for event guests, world-class event catering and custom interior design for special events. The meeting spaces include:

- the Jinmao Ballroom, which offers 700 sq.m. of event space and is capable of accommodating up to 450 guests for a cocktail reception or a banquet. It is lit by modern, circular chandeliers in recessed ceiling squares lined with subtle leaf patterns and adjustable lighting, which adds drama and character to the ambience. It is divisible into three halls, each offering 230 sq.m. of space, which can accommodate up to 160 guests in a reception or banquet setting;

- the Chaoyang Ballroom, which offers 180 sq.m. of event space and can accommodate up to 130 guests for a cocktail reception or up to 100 guests for a banquet. It is styled in a similarly luxurious manner as the Jinmao Ballroom, is divisible into two halls, each offering 99 sq.m. of space and is capable of accommodating up to 65 guests for a cocktail party or up to 50 guests for a banquet;

- four function rooms — Earth, Fire, Wood and Water — which range in sizes from 26 sq.m. to 112 sq.m. to provide for more intimate meetings. Three of the function rooms have floor-to-ceiling windows offering stunning views of Beijing; and

- a boardroom — Metal — located in the business centre, which is 87.5 sq.m. and is ideal for small boardroom gatherings of up to 16 people.

Food and Beverage Facilities

The Westin Beijing Chaoyang offers the following eight restaurants and bars, each offering seasonal menus of culinary delights prepared by world-class chefs:

- **Daily Treats**, a shop for epicurean delights, serving pre-made sandwiches, tempting cakes, pastries and fresh bread directly from the hotel's pastry kitchen;

- **Exchange**, the hotel lobby bar and café, is a comfortable meeting place for coffee and tea by day and cocktails and long drinks by night;

- **Grange Grill**, a fine dining steak and seafood grill, is located on the Hotel's second level with views of the Beijing skyline. Sophisticated and contemporary, the décor is modern and comfortable and diners are treated to the sparkling lights of Beijing viewed through floor-to-ceiling windows, which provide a special kind of living art, whether dining at the main hall or enjoying a drink at the restaurant's 1920's style cocktail lounge;

- **Mai**, one of Beijing's finest Japanese restaurants, offers authentic Japanese cuisine with creative concoctions. Diners can choose from sushi and sashimi, traditional kaiseki ryori or grilled dishes prepared to order on the teppanyaki counter. Mai also offers an exclusive selection of sake and other drinks;

- **Mix**, a stylishly decorated lobby bar and lounge, caters to Central Business District professionals and hotel guests. Mix offers an extensive selection of whiskeys, fine wines and champagnes set to a jazz soundtrack, which is ideal for an after-work meeting or for enjoying a fine cigar in the smoking area;

- **Seasonal Tastes**, a bright and lively all-day restaurant with a variety of cooking stations, offers international cuisine. The restaurant is sleek and welcoming with its open booth-type seating upholstered in white leather and playful white bubble-shaped ceiling lights. It is known for its popular Bubbalicious Sunday Brunch, which especially appeals to families with its numerous food options, including carving stations, an "around-the-pillar" buffet spread and unlimited champagne, cocktails and fresh juices;

- **Splash**, a health bar, is located in the Heavenly Spa by Westin on the Hotel's fifth floor. Splash serves the adjacent pool area with light and healthy snacks, refreshing tea cocktails and infused drinks; and

- **Zen5es**, an elegantly appointed restaurant, specialises in contemporary Cantonese cuisine. Laid out across 11 dining rooms and a series of open kitchens on the Hotel's fourth floor, Zen5es invites guests to explore the five senses with its five signature dishes and specialties, including dim sum and Beijing duck. The restaurant also features a full bar with a wide selection of fine Chinese liquors.

Recreational Facilities

Recreational facilities at The Westin Beijing Chaoyang include the following:

- Westin WORKOUT Fitness Studio, a spacious 24-hour gym with floor-to-ceiling windows offering city views and featuring Technogym, fitness and wellness equipment, including stationary cycles, elliptical trainers and balanced weight machines. The facility also provides a separate Kinesis circuit training area, jacuzzi, sauna and steam room as well as fitness classes, including Tai Chi, Yoga and Pilates;

- Heavenly Spa by Westin, which offers four single and two double treatment suites, decorated in subtle, earthy colours with plush, warm fabrics. The suites feature signature massage beds and are complemented by personal showers and changing areas. The spa offers a menu of therapeutic and pampering treatments as well as specialised body, face, hair and even foot reflexology treatments for men and women; and

- a 25-metre indoor heated swimming pool.

Club Level

The Westin Executive Club Lounge offers guests of the Executive Club level rooms and suites daily complimentary refreshments. Executive Club guests are invited to relax or hold a meeting in the Executive Club Lounge.

Other Facilities

As at the Latest Practicable Date, The Westin Beijing Chaoyang had five tenants, including a beauty salon, a yoga studio, a pilates studio, an apparel shop and the office space of a property developer.

Awards

Key awards received by The Westin Beijing Chaoyang during the Track Record Period include:

- "Best Business Hotel" by Voyage Magazine in 2011;

- "Best Business Hotels" by Travel + Leisure Magazine in 2011;

- "Top 500 World's Best Hotels" by Travel + Leisure Magazine in 2011;

- "Gold List" by Condé Nast Traveler in 2012 and 2011; and
- "Project ICARUS Supplier Gold Medal" awarded by the Global Business Trade Association (GBTA) in 2013.

(3) JW MARRIOTT HOTEL SHENZHEN

Hotel Overview

JW Marriott Hotel Shenzhen is an international luxury hotel centrally located in the Futian Business District in Shenzhen. The Hotel offers convenient access to the Shenzhen Bao'an International Airport and the Shenzhen Convention & Exhibition Centre via public transport links given its proximity to the Shennan Xiang Mi Li Jiao bus station and Xiang Mi Hu subway station. In addition, the nearby Shenzhen SDG Golf Club is located just 0.6 miles away from the Hotel.

Hotel Rooms

JW Marriott Hotel Shenzhen has 411 rooms (including 20 suites), each offering luxurious and contemporary accommodations and amenities, including a 42-inch HDTV with satellite channels, premium movie channels and wireless internet access. The rooms and suites also offer city views of Shenzhen. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Presidential Suite	228	1
Vice Presidential Suite	190	1
Executive Suite	90	6
Junior Executive Suite	87	12
Rooms		
Executive Premier Room	58	43
Executive Room	58	75
Deluxe Room	43	195
Superior Room	43	63
Studio Room	65	15
Total		**411**

The Club Room, Executive Lounge Access Room and suites offer access to the Executive Lounge which is open daily.

Banqueting and Meeting Facilities

JW Marriott Hotel Shenzhen's banqueting and meeting facilities offer a total of 1,226 sq.m. of meeting space, with flexible event venues equipped with wireless high-speed internet connectivity, audio video capabilities and business support services, including secretarial support, translation services and facsimile transmission services. The Hotel also offers catering services and event planning services for those planning social events or weddings.

JW Marriott Hotel Shenzhen's banqueting and meeting facilities include:

- the Jin Mao Ballroom, with a maximum meeting space of 602 sq.m. and a maximum capacity of up to 550 people for a cocktail reception or up to 390 people for a banquet. It is designed to be flexible and can be partitioned into three ballrooms, each offering 200 sq.m. and a capacity of up to 180 people for a cocktail reception or up to 130 people for a banquet;

- four meeting rooms and a boardroom with sizes ranging from 46 sq.m. to 89 sq.m.; and

- a terrace that can accommodate up to 370 people for a cocktail reception or up to 270 people for a banquet.

Food and Beverage Facilities

JW Marriott Hotel Shenzhen offers a range of food and beverage options, with five restaurants which include:

- **Man Ho Chinese Restaurant**, a restaurant with 120 seats including six private rooms, each with a unique identity. As part of the tradition of culinary entertainment, the restaurant stages a live noodle and dim-sum theatre. The restaurant also serves one of the largest selections of Mao-tai and Chinese liquors in Shenzhen;

- **Café Chinois**, a casual all-day dining restaurant, which features international cuisine and a Grand Buffet;

- **Shizuku**, a Japanese restaurant, which serves modern and upbeat sushi as well as teppanyaki;

- **Java+**, a coffee house, which offers freshly brewed coffees, sandwiches and salads; and

- **The Lounge**, an all-day dining restaurant, which also serves lounge food and drinks.

Recreational Facilities

Recreational facilities at JW Marriott Hotel Shenzhen include the following:

- Quan Spa, which offers services and treatments including body scrubs, massages, manicures, therapy baths, fitness counselling and a steam room;

- a health club, equipped with both cardiovascular equipment and free weights;

- an outdoor swimming pool; and

- a whirlpool.

Club Level

JW Marriott Hotel Shenzhen offers guests of the executive rooms and suites access to the Executive Lounge, which is located on the 27th floor, and daily complimentary refreshments. Executive Lounge guests can also enjoy express check-in and check-out services at the Executive Lounge.

Other Facilities

As at the Latest Practicable Date, JW Marriott Hotel Shenzhen had one tenant, which was Standard Chartered Bank.

Awards

Key awards received by JW Marriott Hotel Shenzhen during the Track Record Period include:

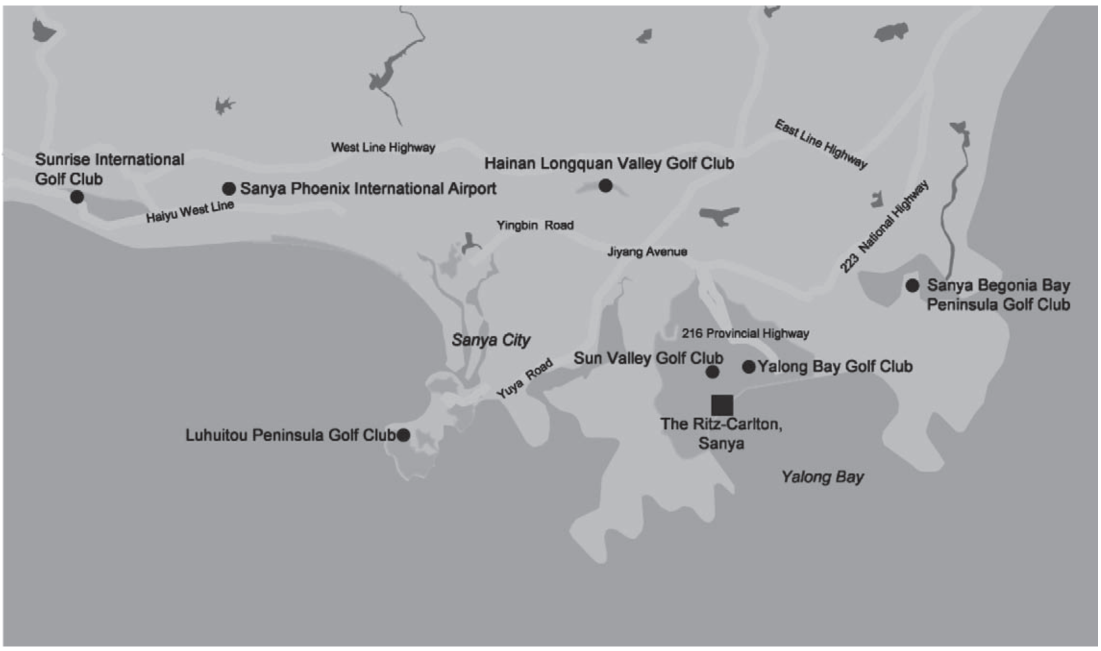
- "Top 10 City-Nova Hotels of China for 2011" at the 7th China Hotel Starlights Awards; and

- "Shenzhen's Best Business Hotel" at the 2012 Business Travel Asia Grand Awards organised by *Business Traveller Asia*.

(4) THE RITZ-CARLTON, SANYA

Hotel Overview

The Ritz-Carlton, Sanya is a luxury hotel which sets the standard for hotels in Sanya, Hainan Province, which is widely regarded as "Oriental Hawaii". Sanya is one of the best tropical seaside resort destinations in the PRC due to its location. The Ritz-Carlton, Sanya is conveniently located within a 25-minute drive from Sanya Phoenix International Airport and yet located in a secluded part of the Yalong Bay, which features a pure white beach with expansive views of the South China Sea. In addition, the Hotel is located near a number of golf clubs, including two golf clubs with championship-level golf courses, the Yalong Bay Golf Club and Sun Valley Golf Club.



Hotel Rooms

The Ritz-Carlton, Sanya has 450 rooms, including 21 luxury suites and 33 private villas with 24-hour private butler service and individual plunge pools offering complete privacy. Most of the rooms offer views of the South China Sea while the remaining rooms offer either a mangrove view or lagoon view. Some rooms are equipped with private jacuzzis and direct access to the pool.

Each room seeks to provide luxurious and contemporary accommodation with modern amenities such as five-fixture bathrooms, a TV in every bathroom, on-demand movies and DVD players and complimentary wireless internet access. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Villas		
Three Bedroom Ocean Front Villa	367	1
Two Bedroom Ocean Front Villa	252	4
One Bedroom Ocean Front Villa	130	8
Mangrove View Villa	130	8
Garden Villa	130	12
Suites		
The Ritz-Carlton Suite	343	1
Club Deluxe Ocean View Suite	192	2
Club Ocean View Suite	123-127	15
Club Garden View Suite	123	3
Rooms		
Club Ocean View Room	60	34
Deluxe Ocean View Room	60	88
Ocean Front Room	60	78
Lagoon Room	60	134
Deluxe Room	60-67	62
Total		**450**

Banqueting and Meeting Facilities

The Ritz-Carlton, Sanya offers 1,700 sq.m. of flexible space for meetings, conferences and special social events. Equipped with audio-visual equipment and technicians and high-speed internet access, the Hotel also offers Technology Butler services, catering services and event and entertainment planning services to accommodate such events as board meetings, gala events and social celebrations.

The Ritz-Carlton, Sanya's wide range of banqueting and meeting options includes:

- a ballroom offering 910 sq.m. of meeting space and a business centre with a capacity of up to 900 people in a reception setting, up to 850 people in a theatre layout or up to 550 people in a banquet arrangement. The Ballroom, which is on the third floor, can be divided into four separate rooms ranging from 138 sq.m. to 356 sq.m. and has soundproofed air walls, making it ideal for conferences;

- four meeting rooms on the first floor, each offering 100 sq.m. and a capacity of up to 40 people in a conference setting or up to 100 people in a reception setting. The layout is flexible in that the four rooms may be combined in pairs to produce two large meeting rooms, each providing a total space of 200 sq.m. and a capacity of up to 75 people in a conference setting;

- five meeting rooms on the third floor with sizes ranging from 50 sq.m. to 71 sq.m.. Four of the rooms may be combined in pairs to produce two mid-sized meeting rooms, each providing a total space of 127 sq.m. and a capacity of up to 40 people in a conference setting;

- an outdoor oceanfront wedding auditorium; and

- outdoor venues including a centre garden and event spaces in front of the main building, poolside and beach, which are ideal for special events.

Food and Beverage Facilities

The Ritz-Carlton, Sanya offers a range of food and beverage options, with six restaurants and bars, including:

- **Fresh 8**, an all-day dining restaurant, which has eight show kitchens each offering freshly prepared dishes from around the world in a vibrant, contemporary setting that focuses on fresh and enticing flavours;

- **Pearl**, which features new Cantonese cuisine and aims to delight both the palate and the senses. Pearl also offers six private dining rooms to enhance the exclusivity of the dining experience;

- **Sofia**, an Italian restaurant, which uses quality ingredients and a traditional cooking technique to create distinctive tastes and aromas and to ensure a truly gastronomic experience;

- **Sand**, an al fresco dining venue located near an idyllic beachfront, which serves fresh seafood and barbecue. Sand also has a bar that offers an alternative venue to relax and enjoy live music performed by a Latin band in the evenings;

- **Scene**, which is located in the heart of the Hotel, offers breathtaking views of the South China Sea and allows guests to indulge in an selection of sweets, snacks and cocktails. Afternoon tea is served daily and a selection of champagnes for any occasion are available. A live band performs in the evenings; and

- **Cube**, a bar located in the lagoon pool itself, which serves cool beverages to cater to sunbathers and swimmers lounging poolside. Cube offers delectable snacks throughout the day, with upbeat chill-out music in the evenings.

Recreational Facilities

Recreational facilities at the Ritz-Carlton, Sanya include the following:

- the ESPA, a 2,788 sq.m. spa, which is one of the largest spas in the Sanya region. In partnership with ESPA, the Hotel offers lavish and relaxing therapies and beauty treatments. Comprised of 18 single treatment rooms and six VIP treatment suites, the spa also has a jade steam room, cool mist showers and outdoor vitality pools with jets. The leisure area includes a relaxation lounge, water features, courtyards, a fitness studio, a kinesis studio, a Chi studio, outdoor brine pools and a lounge;

- four stunning pools, including a beach front pool with an infinity edge, two relaxing lagoon pools and a Ritz Kids pool for children with slides and water sprayers;

- water sports, including boat trips and tours, snorkelling, kayaking, riding on banana boats and catamarans and sea fishing;

- meeting and feeding sea turtles as part of The Ritz-Carlton, Sanya's work with Sea Turtles 911 to alleviate the pressures that threaten the existence of sea turtles through rescues, rehabilitation as well as raising and releasing them back to their natural habitat;

- a spacious fitness studio, which features equipment from Technogym including cardiovascular, resistance, rowing machines and free weights. A separate space provides a dedicated Kinesis Studio. The Hotel also offers personal fitness coaching and classes in Tai Chi, Yoga and Pilates in the Chi Studio;

- an adults' program for guests who want to exercise in a natural environment;

- tennis courts with night lights and private tennis lessons;

- a beach volleyball and beach football court;

- Uncle Martin's Secret Garden, where children can learn about tropical fruits and vegetables and meet rabbits, newly hatched baby chicks and sea turtles;

- the Ritz Kids Club area, which consists of a waterslide, a kid's pool with shower, an outdoor play area, a "Vegetable Garden" as well as a themed air conditioned kids club;

- the Kids' Passport, which suggests activities for children, awarding them with a specially made diploma upon completion of all of the missions in the Kids' Passport. The Hotel also offers tailor-made amenities for children and a kids menu in every restaurant; and

- the Ritz Kids Program, which offers a daily schedule of fun activities for children, including postcard making and sand art for children between the ages of one and six and swimming lessons and beach football for those between the ages of seven and 14.

Club Level

The Ritz-Carlton Club offers additional measures of luxury, such as expansive accommodations, an exclusive 450 sq.m. lounge and balcony with seating for 55 and a dedicated concierge staff. The Club Lounge offers complimentary refreshments and provides complimentary use of a meeting room (up to an hour a day) and wireless internet access.

Other Facilities

Jin Mao's "J-Life" is situated in The Ritz-Carlton, Sanya, which has a leasable area of approximately 667 sq.m., housing a number of flagship stores of renowned brands, including Louis Vuitton, Prada, TOD'S, Paul & Shark, Salvatore Ferragamo and Ermenegildo Zegna as at the Latest Practicable Date. It is regarded as one of the high-end lifestyle hubs in Yalong Bay, Sanya, and contributes to enhancing the overall quality and image of The Ritz-Carlton, Sanya.

Awards

Key awards received by The Ritz-Carlton, Sanya during the Track Record Period include:

- "China's Top 10 Most Popular Resort Hotels for 2011" at the 8th Golden Pillow Awards of China's Hotels; and

- "China's Top 10 Most Popular Resort Hotels for 2012" at the 9th Golden Pillow Awards of China's Hotels.

(5) HILTON SANYA RESORT AND SPA

Hotel Overview

Hilton Sanya Resort and Spa is located among tropical gardens on a spectacular stretch of private beach at the western end of Yalong Bay, Sanya on Hainan Island. The resort is located within a 25-minute drive from the city of Sanya and a 25-minute drive from Sanya Phoenix International Airport.

Hotel Rooms

Hilton Sanya Resort and Spa offers 501 rooms (including 54 suites), each offering luxurious and contemporary accommodations and amenities, including large-floor-to-ceiling windows, high-speed internet access and premium entertainment channels. Hotel rooms provide views of the lush mountains, gardens or of the lagoon while the suites offer views overlooking the sea. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Presidential Suite	488	1
Grand Villa	352	1
Beach Villa	235	1
Suites	97	5
Beach Front Suite	97	2
Grand Pacific Suite	97	16
Pacific Suite	97	12
Lagoon Access Suite	48.5	16
Rooms		
Beach Front Room	48.5	32
Grand Ocean View Room	48.5	95
Ocean View Room	48.5	56
Deluxe Scenic View Room	48.5	28
Scenic View Room	48.5	161
Deluxe Room	48.5	75
Total		**501**

Hilton Sanya Resort and Spa is anticipating major renovations to its rooms and certain of its restaurants and meeting facilities in phases over a period of two years. The renovation process is expected to commence by the end of 2014 and is expected to be completed by the end of 2016. Upon completion of the renovations, a number of rooms will be upgraded to a new category of executive sea view rooms. We do not expect there to be any adverse impact on the day-to-day operations of the rest of the Hotel during the renovations as they will be carried out in phases during non-peak seasons.

Banqueting and Meeting Facilities

Hilton Sanya Resort and Spa's banqueting and meeting facilities include:

- the Diamond Ballroom with a total space of 895 sq.m., which is capable of accommodating up to 1,000 people for a cocktail reception, up to 800 people in a theatre layout or up to 540 people for a banquet. The Diamond Ballroom can also be partitioned into three rooms ranging from 258 sq.m. to 323 sq.m.;

- ten meeting rooms on the ground floor and two on the first floor with sizes ranging from 34 sq.m. to 84 sq.m.. The Amethyst and Aquamarine meeting rooms have a cocktail event capacity of up to 50 people and up to 70 people, respectively, and are each divisible into smaller meeting rooms; and

- a business centre.

Food and Beverage Facilities

Hilton Sanya Resort and Spa offers a range of food and beverage options, with six restaurants and bars, including:

- **IZE**, an exclusive Sanya restaurant, which serves fine seafood, specialty wines and hand-crafted cocktails and drinks. The ambiance is water-themed and guests are treated to a mesmerising view of marine life in the floor-to-ceiling aquarium centrepiece and in the pond below though transparent glass flooring;

- **Bar D'Or**, an ideal location for an early afternoon coffee and snacks or for live music and decadent cocktails in the evening. Bar D'Or also offers televised screenings of high profile tournaments and events;

- **China Harvest**, a restaurant offering all eight major Chinese cuisines, including Shandong, Sichuan, Jiangsu, Zhejiang, Canton, Hunan, Fujian and Anhui cuisines, for a true taste of China;

- **La La Bar**, a poolside bar for guests;

- **Teak Lounge**, an all-day dining and relaxing venue, which offers breakfast al fresco on the terrace with a pool view, surrounded by specially commissioned art installations in the spacious interior; and

- **The Big Kitchen**, a contemporary restaurant with an open kitchen, which serves culinary delights inspired by international cuisines fused to form new and interesting combinations, such as the tantalising Sushi Samba and delectable French Chinois. Guests may even challenge the chef to prepare a dish from ingredients of their suggestion.

Recreational Facilities

Recreational facilities at Hilton Sanya Resort and Spa include:

- The Spa Retreat, a pampering retreat set among a lush beautiful courtyard garden and decorated in a style inspired by the art and culture of the vibrant yet laidback South China region. The Spa Retreat has eight spa villas, outdoor spa pavilions, a relaxation area, a tea lounge and a fitness centre;

- a 400-metre long private beach;
- a driving range and a golf course located 50 metres away;
- water sports, including sailing, scuba diving, snorkelling, water skiing and windsurfing;
- outdoor activities, including a hiking trail located 1 km away and fishing;
- a fitness room;
- a playground;
- a swimming pool;
- a pool table;
- sight-seeing tours; and
- tennis courts.

Awards

Key awards received by Hilton Sanya Resort and Spa during Track Record Period include:

- "China's Top 10 Leisure Resorts for 2011" at the 7th China Hotel Starlights Awards;
- "Leading Spa Resort Hotel in China" at the 18th World Travel Awards in 2011;
- "Best Resort Hotel for 2012" by City Traveler;
- "Sanya's Top Wedding Hotel" by Taste of Life in 2012; and
- "Certificate of Excellence 2013" awarded by TripAdvisor.

(6) HYATT REGENCY CHONGMING

Hotel Overview

Hyatt Regency Chongming is located in the east of Chongming island, the third largest island in the PRC. Chongming island is located 46 kilometres from Shanghai and is connected to the Pudong district in Shanghai by an under-sea tunnel. Hyatt Regency Chongming is located near Dongtan Wetland Park, the only wetland park in the PRC, and a migratory bird reserve. Hyatt Regency Chongming opened in March 2014.

Hotel Rooms

Hyatt Regency Chongming offers 235 rooms (including 21 suites), each offering contemporary accommodations and amenities, internet access and a mini bar with drinks and snacks. The following table sets out certain information in relation to the hotel rooms as at 31 December 2013:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Presidential Suite	312	1
Executive Suite	168	2
Junior Suite	107	18
Rooms		
Standard Room	47	214
Total		**235**

Banqueting and Meeting Facilities

Hyatt Regency Chongming banqueting and meeting facilities include:

- a ballroom with a total space of 800 sq.m., which is capable of accommodating up to 600 people for a cocktail reception, up to 600 people in a theatre layout or up to 400 people for a banquet. The ballroom can also be partitioned into three rooms ranging from 175 sq.m. to 248 sq.m.; and

- five meeting rooms with sizes ranging from 32 sq.m. to 121 sq.m..

Food and Beverage Facilities

Hyatt Regency Chongming offers a range of food and beverage options, with five restaurants and bars which are:

- **Market Cafe**, an all-day dining restaurant offering Asian and Western cuisine;

- **Lobby Lounge**, a casual area offering different types of beverages and snacks;

- **Bistro**, a restaurant offering Italian countryside comfort food;

- **Pin Yue**, a Chinese restaurant specialising in Chongming local food; and

- **Tea House,** serving different types of traditional Chinese tea.

Recreational Facilities

Recreational facilities at Hyatt Regency Chongming include the following:

- Club Olympus, a fitness centre with gym equipment and a range of free weights; and
- a 25-metre long indoor swimming pool.

Club Level

The Club Lounge offers club guests daily refreshments and meeting room services during their stay. In addition, club guests can check in at the private concierge counter located in the Club Lounge.

HOTELS UNDER DEVELOPMENT

(1) RENAISSANCE BEIJING WANGFUJING HOTEL

Situated on the northern section of Wangfujing Avenue in Beijing's major business and shopping district, Renaissance Beijing Wangfujing Hotel is a 14-storey luxury hotel conveniently located with easy access to a cluster of cultural and historical sites and facilities, including the Forbidden City, Tian'anmen Square and Beihai Park. It also offers a bird's-eye view of The Forbidden City.

Wangfujing Grand Hotel was initially opened in 1995. Over the years, Wangfujing Grand Hotel has attracted a large number of tourists as it is conveniently located and is highly acclaimed in the industry. In order to provide a superior living environment and service experience to the domestic and international customers, we closed Wangfujing Grand Hotel and began a full-scale renovation in November 2011. The Renaissance Beijing Wangfujing Hotel Management Agreement was signed in 2013 and Wangfujing Grand Hotel was rebranded as Renaissance Beijing Wangfujing Hotel. Such renovation is expected to be completed and the Hotel is expected to commence operations by the end of 2014.

The following table sets out certain information in relation to the hotel rooms upon completion of renovation:

Type of Hotel Room	Size (sq.m.)	Number of Hotel Rooms
Suites		
Presidential Suite	206	1
Suite	74	16
Rooms		
Deluxe Room	40	312
Total		**329**

Renaissance Beijing Wangfujing Hotel has a total GFA of approximately 44,435 sq.m.. Upon completion of renovation, Renaissance Beijing Wangfujing Hotel is expected to have a number of banqueting and meeting facilities, including the Grand Ballroom. The Hotel is also expected to have a number of food and beverage outlets and recreational facilities including a health club, an indoor swimming pool and a spa.

(2) GRAND HYATT LIJIANG

Lijiang is known for being a popular tourist destination and there are three world-class heritage sites in Lijiang, namely the Ancient Town of Lijiang, the Three Parallel Rivers and the Dongba Culture. Grand Hyatt Lijiang is currently being developed on three plots of land at Ganhaizi in Yulong County, Lijiang, which are located on the Yulong Snow Mountain, next to the Yulong Golf Course and Xiangjiang Road, respectively.

Grand Hyatt Lijiang is expected to commence operations by the end of 2014. The estimated GFA of Grand Hyatt Lijiang is 82,063 sq.m., with approximately 400 hotel rooms.

HOTEL MANAGERS AND HOTEL MANAGEMENT AGREEMENTS

Hotel Managers

We have entered into separate Hotel Management Agreements with the Hotel Managers, which are independent third parties and subsidiaries or affiliates of Hyatt Hotels, Starwood, Marriott International and Hilton Worldwide, in relation to the management and operation of each Hotel. A brief description of each Hotel Manager is set out below.

Hyatt Hotels — HCL and HIHMB

HCL manages Grand Hyatt Shanghai under the “Grand Hyatt” brand. HIHMB will manage Grand Hyatt Lijiang and Hyatt Regency Chongming upon the respectively formal opening of these Hotels under the “Grand Hyatt” and “Hyatt Regency” brands, respectively. HCL and HIHMB are subsidiaries of Hyatt Hotels.

Hyatt Hotels is a globally renowned hospitality company with a history of more than 50 years. Hyatt Hotels manages, franchises, owns and develops Hyatt-branded hotels, resorts and residential and vacation ownership properties around the world. Hyatt Hotels’ full-service hotels and resorts operate under a number of established brands, including, Park Hyatt, Andaz, Grand Hyatt, Hyatt and Hyatt Regency.

As at 31 December 2013, Hyatt Hotels’ worldwide portfolio consisted of over 500 hotel properties globally. Hyatt Hotels is listed on the New York Stock Exchange.

The Grand Hyatt brand features large-scale, distinctive hotels in major gateway cities and resort destinations. With a presence around the world, Grand Hyatt hotels provide global business and leisure travellers with upscale accommodations, restaurants, bars, spas and fitness centres, as well as business and meeting facilities. Signature elements of Grand Hyatt include large hotel lobbies and facilities for an array of business or social gatherings.

Hyatt Regency offers a full range of services and facilities tailored to serve the needs of meeting planners, business travellers and leisure guests. Properties range in size from 180 to over 2,000 rooms and are conveniently located in urban, suburban, airport, convention and resort destinations around the world.

Starwood — WHM

WHM manages The Westin Beijing Chaoyang under the "Westin" brand. WHM is an affiliate of Starwood.

Starwood is one of the leading hotel and leisure companies in the world and a fully integrated owner, operator and franchisor of hotels, resorts and residences. Starwood's hotel brands include, among others, St. Regis, The Luxury Collection, W, Westin, Le Méridien, Sheraton, Four Points by Sheraton, Aloft and Element.

As at 31 December 2013, Starwood owned and operated over 1,000 properties globally. Starwood is listed on the New York Stock Exchange.

The "Westin" brand hotels are luxury full-service hotels which primarily serve business travellers who enjoy leisure elements of the hotel.

Marriott International — SGHM, RCIMC and LHCIM

SGHM manages JW Marriott Hotel Shenzhen under the "JW Marriot" brand, RCIMC manages The Ritz-Carlton, Sanya under the "Ritz-Carlton" brand and LHCIM will manage Renaissance Beijing Wangfujing Hotel on completion of the renovation of this hotel under the "Renaissance" brand. SGHM, RCIMC and LHCIM are wholly-owned subsidiaries of Marriott International.

Marriott International is a worldwide operator, franchisor and licensor of hotels. Marriott International's full-service hotel brands include, among others, Marriott Hotels & Resorts, JW Marriott Hotels & Resorts, Renaissance Hotels & Resorts, Autograph Collection Hotels, Gaylord Hotels, AC Hotels by Marriott, Courtyard by Marriott, The Ritz-Carlton and EDITION hotels.

As at 31 December 2013, Marriott International operated, franchised or licensed over 3,800 lodging properties globally. Marriott International is listed on The NASDAQ Global Select Market.

The "JW Marriot" brand is a global, full-service brand that provides an environment of simple elegance for its guests and targets sophisticated world travellers.

The "Ritz-Carlton" brand is one of the world's leading luxury lifestyle brands and engages guests through unique, memorable and personal experiences that transcend luxury hospitality.

The "Renaissance" brand is a global, full-service brand that targets lifestyle-oriented business travellers.

Hilton Worldwide — HHMS

HHMS manages Hilton Sanya Resort and Spa under the "Hilton" brand. HHMS is an indirect wholly-owned subsidiary of Hilton Worldwide.

Hilton Worldwide is one of the largest hospitality companies in the world and is a worldwide owner, operator and franchisor of hotels and timeshare properties. Hilton Worldwide's full-service hotel brands include, among others, Hilton, Waldorf Astoria, Conrad and DoubleTree by Hilton.

As at 31 December 2013, Hilton Worldwide owned, operated or franchised hotels, resorts and timeshare properties globally. Hilton Worldwide is listed on the New York Stock Exchange.

The "Hilton" brand is Hilton Worldwide's global flagship brand and one of the most recognised hotel brands in the world. The "Hilton" brand hotels are full-service hotels which primarily service business and leisure upper-upscale travellers and meeting groups.

Hotel Management Agreements

The Hotel Management Agreements set out, among other things, the management and other services to be provided by each Hotel Manager, the basic management fees and incentive fees payable to each Hotel Manager and the contribution amount to the FF&E Reserve.

The following table sets out a brief summary of the key terms of the Hotel Management Agreements for the Hotels:

	Grand Hyatt Shanghai	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	The Ritz-Carlton, Sanya	Hilton Sanya Resort and Spa	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang	Hyatt Regency Chongming
Duration	20 years from formal opening (28 August 1999)	17 years from the date of the agreement (7 March 2006)	30 years from the date of the agreement (11 March 2009)	30 years from formal opening (31 October 2008)	15 years from formal opening (1 April 2006)	25 years from commencement of operations	20 years from formal opening (expected to be by the end of 2014)	20 years from formal opening (29 March 2014)
Expiry Date	31 December 2019 (renewable for an agreed period)	31 December 2023 (renewable for two successive periods of five years each)	31 December 2039 (renewable for 10 years)	31 December 2038 (renewable for 10 years)	31 December 2021 (renewable for two successive periods of 10 years each)	31 December 2039[(1)] (renewable for 5 years)	31 December 2034 (renewable for two successive periods of five years each)	31 December 2034 (renewable for two successive periods of five years each)
Total Basic Management Fees Paid to the Hotel Manager for FY2013 (in HK$ million)	9.9	10.1	5.8	13.6	4.8	N/A[(2)]	N/A[(2)]	N/A[(3)]
Total Incentive Fees Paid to the Hotel Manager for FY2013 (in HK$ million)	8.3	14.3	4.0	15.5	10.5	N/A[(2)]	N/A[(2)]	N/A[(3)]
Contribution to FF&E Reserve in FY2013 (in HK$ million)	14.8	16.2	7.0	19.4	9.6	N/A[(2)]	N/A[(2)]	N/A[(3)]

Notes:

(1) This is based on the assumption that Renaissance Beijing Wangfujing Hotel will commence operations by the end of 2014.

(2) Not applicable as Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are still under development.

(3) Not applicable as Hyatt Regency Chongming opened in March 2014.

The basic management fees and incentive fees payable to each Hotel Manager are calculated as a percentage of the Hotel's annual revenue and a percentage of the Hotel's gross operating profit, respectively. The Hotel Management Agreements do not prescribe any criteria for adjustment of the basic management fees and incentive fees to be paid to the Hotel Managers. A percentage of the Hotel's annual revenue is also contributed to the FF&E Reserve. Going forward, the Company and the Trustee-Manager will disclose the total basic management fees, the total incentive fees and the contribution to FF&E Reserve payable to each Hotel Manager in relation to each of the Hotels in the Trust Group's future annual reports. For further details of the Hotel Management Agreements, including the historical amounts of basic management fees, incentive fees and contributions to the FF&E Reserve in respect of the Hotels during the Track Record Period, please see "*Appendix III — Key Terms of the Hotel Management Agreements*".

ASSET ENHANCEMENTS AND CAPITAL EXPENDITURE

Pursuant to our business strategy, we identify, evaluate and approve property improvement opportunities at the Hotels that aim to maintain the attractiveness and competitive positioning of the Hotels and enhance organic growth opportunities. This policy requires refurbishing rooms and facilities on an ongoing basis and when necessary, we carry out more extensive renovations which result in increased capital expenditure. We also conduct asset enhancement programmes on selected Hotels in a staged manner to enhance the value and returns of the Hotels.

FF&E

Under the terms of the Hotel Management Agreements, we make annual contributions to the FF&E Reserve for the purposes of routine asset enhancements, which typically include the improvements and replacements of FF&E.

The following table sets out the aggregate amounts of the FF&E Reserve which were capitalised and expensed in relation to the Completed Hotels during the Track Record Period, other than Hyatt Regency Chongming as such Hotel opened in March 2014:

	As at 31 December		
Hotel	**2011**	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Amounts utilised from the FF&E Reserve which were capitalised	12,348	22,751	16,306
Amounts utilised from the FF&E Reserve which were expensed	11,287	10,303	13,252

Planned Projects

The Group has undertaken various improvement works during the Track Record Period, such as the room renovations at the Grand Hyatt Shanghai which commenced in stages in 2011. We completed renovation work for approximately 400 hotel rooms by the end of 2013 and expect to complete the renovation work for the remaining rooms by the end of 2014. The total estimated amount for the renovation of Grand Hyatt Shanghai is approximately RMB124.0 million and the total renovation costs incurred up to 31 December 2013 are approximately RMB106.1 million.

Hilton Sanya Resort and Spa is also expected to undergo its most significant renovation since its opening. The renovation will be conducted in phases primarily during non-peak seasons and is expected to be over a period of two years commencing by the end of 2014, including the renovation works on all of its rooms and certain of its restaurants and meeting facilities. Upon completion of the renovation, a number of rooms will be upgraded to a new category of executive sea view rooms and certain areas will be converted into retail space for leasing. The specialty restaurant will also be fitted to be a multi-functional venue that can be used for wedding banquets, meetings and other social events. The total estimated amount for the renovation of Hilton Sanya Resort and Spa is approximately RMB109.6 million.

The Group expects to finance the asset enhancements through its working capital and bank borrowings.

Capital Expenditure

Capital expenditure incurred by the Group during the Track Record Period primarily related to hotel development and construction, ongoing maintenance and periodic renovation of the Properties. For FY2011, FY2012 and FY2013, we incurred total capital expenditure of HK$98.8 million, HK$331.9 million and HK$1,155.4 million, respectively. The continued increase in our capital expenditure during the Track Record Period was primarily due to hotel development and construction expenditures incurred in connection with Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel. See *"Financial Information — Capital Expenditure"* for further details on our capital expenditure.

In the foreseeable future, we expect to incur capital expenditure mainly for the Hotels Under Development, being Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang, and planned renovation for Hilton Sanya Resort and Spa. No major renovations are currently planned for the other Completed Hotels. See *"Financial Information — Forecast Capital Expenditure"* for further details on our forecast capital expenditure.

VALUATION OF THE PROPERTIES

DTZ, an independent property valuer, has used a discounted cash flow analysis and the direct comparison method to conduct its valuation of the Properties. The market values of the Properties as at 31 March 2014 are set out in the table below. For further information regarding the valuation of the Properties, please see "*Appendix IV — Property Valuation*".

Property	**Market Value as at 31 March 2014**		**Percentage of Aggregate Market Value**
	(RMB million)	**(HK$ million(1))**	**(%)**
Jin Mao Tower (excluding Grand Hyatt Shanghai)	7,966	10,132	32.8
Grand Hyatt Shanghai	3,129	3,980	12.9
The Westin Beijing Chaoyang	2,699	3,433	11.1
JW Marriott Hotel Shenzhen	1,979	2,517	8.1
The Ritz-Carlton, Sanya	2,997	3,812	12.3
Hilton Sanya Resort and Spa	2,695	3,428	11.1
Hyatt Regency Chongming	820	1,043	3.4
Renaissance Beijing Wangfujing Hotel	1,025	1,304	4.2
Grand Hyatt Lijiang	1,011	1,286	4.2
Total	**24,321**	**30,935**	**100.0**

Note:

(1) Based on an exchange rate of RMB1.00 : HK$1.2719.

See *"Financial Information — Properties and Valuation"* for a reconciliation of the net book value of the Properties as at 31 December 2013 to their fair value.

OTHER BUSINESSES

(1) Taxi and Car Chauffeur Services

Jin Jiang Automobile, a company which is 50% owned by the Group and Jin Mao Auto Hire, which is a 90% subsidiary of Jin Jiang Automobile, are joint venture entities of the Group. An independent third party owns the other 50% interest in Jin Jiang Automobile and the other 10% interest in Jin Mao Auto Hire.

In order to complement the Group's hotel business in Shanghai, Jin Jiang Automobile and Jin Mao Auto Hire provide taxi and car chauffeur services to the guests and tenants of the Properties in Shanghai and to third parties. All the cars and taxis are owned by, and the drivers are employed by, Jin Jiang Automobile and Jin Mao Auto Hire.

For FY2011, FY2012 and FY2013, the profit from Jin Jiang Automobile and Jin Mao Auto Hire, which was attributable to the Group, was HK$3.6 million, HK$2.5 million and HK$2.3 million, respectively. As Jin Jiang Automobile and Jin Mao Auto Hire are joint venture entities of the Group, their revenue will not have any impact on the revenue of the Trust Group.

(2) Property Management Services

Shanghai Property Management, an indirect wholly-owned subsidiary of the Company, primarily provides property management services to Jin Mao Tower and also provides other property management services which consist of (a) managing the residential properties of third party property owners and the Franshion Group, (b) managing certain office buildings of third party office owners and the Franshion Group and (c) providing property services for the sales and display units of residential properties developed by the Franshion Group.

As at the Latest Practicable Date, Shanghai Property Management had 11 property management agreements which were entered into with members of the Franshion Group. Even though these property management agreements were entered into with members of the Franshion Group, Shanghai Property Management is required to obtain the consent of the relevant regulatory bodies and office tenants in order to terminate or transfer the relevant ongoing management services, which is outside the control of the Company.

Subject to obtaining the consent of the counterparties to these property management agreements, the Group intends to transfer such property management agreements to the Franshion Group as soon as practicable. If consent for the transfer of such property management agreements to the Franshion Group cannot be obtained, it is the Group's intention not to enter into any new agreements to provide property management services upon the termination of these existing property management agreements.

For FY2012 and FY2013, the aggregate revenue derived from the 11 property management agreements was HK$7.0 million and HK$20.4 million, respectively, which represented 0.3%, and 0.8% of our total revenue, respectively. Given that the 11 property management agreements were only entered into by Shanghai Property Management in 2012 or later, no revenue was derived from these property management agreements in FY2011.

For further details of the transactions with the Franshion Group, please see *"Connected Transactions — One-off Connected Transactions — Property Management Services"*.

ACQUISITION OPPORTUNITIES

Supported by the Hotel Arrangements following the Listing, we are well-positioned to seek acquisition opportunities. The Company will evaluate such opportunities in a disciplined manner and will take into account certain criteria, including total return requirements with yields that are estimated to be above the cost of capital, geographical locations, strong fundamentals and growth potential.

Pipeline hotels in the PRC which the Group may acquire should they become available pursuant to the terms of the Hotel Arrangements include (a) The Westin Nanjing, which is part of Phase I of the Nanjing International Center Project, (b) the hotel portion of the Meixi Lake International Plaza Project and (c) the hotel portion of Phase II of the Nanjing International Center Project. See *"Relationship with Franshion — Hotels Retained by the Franshion Group — The Excluded Hotels"* for further details of these potential pipeline hotels.

The Group expects to fund such potential acquisitions through the issue of additional Share Stapled Units and/or by increasing its borrowings. The Directors believe that the spin-off and separate listing of the Properties will create a new investor base for the Trust Group which will enable it to attract new investors who are seeking investments specifically in the hospitality sector and will provide the Trust Group with a separate fundraising platform in the equity and debt capital markets that will increase its financing flexibility, including the flexibility to fund acquisitions.

The acquisition of any identified pipeline hotel under the Hotel Arrangements or any other hotel acquired from third parties could have a material impact on the business, results of operations and financial condition of the Group. The acquisition of one or more of these hotels could result in significant increases in revenue and operating expenses, which would affect the Group Distributable Income and the Trust Distributable Income. The impact on the Group's financial information will also depend on whether the acquisition is funded by cash from operations, debt, equity or a combination of the above. The use of debt would increase financing costs while the use of equity or equity-linked securities would result in dilution to existing Holders of Share Stapled Units.

See *"Relationship with Franshion — Hotel Arrangements"* for further details of the terms of the Hotel Arrangements and *"Risk Factors — Risks Relating to Our Business and Operations — We may not make successful strategic investments and acquisitions"* for further information regarding the risks associated with our acquisitions.

SALES AND MARKETING

Pursuant to the Hotel Management Agreements, the Hotel Managers have agreed to provide or cause their respective affiliates to provide various marketing and advertising services, reservation services and loyalty programme services to the Hotels they respectively manage. For further details of the terms upon which such services are provided by the Hotel Managers, please see *"Appendix III — Key Terms of the Hotel Management Agreements"*.

Sales, Marketing and Reservation Systems

Each Hotel has a global sales team and regional sales teams and offices which work closely with the individual hotel sales teams. The global and regional sales teams are located in major cities, which include Beijing, Hong Kong, London, New York, Shanghai and Singapore.

Each Hotel has a sales and marketing team which also reviews pricing and inventory on a daily basis and which develops strategies based on trend analysis and forecasting, competitor pricing and positioning, shifts in market mix and distribution and the general macro-economic outlook.

The Hotels are connected to their respective central reservation system that provides a comprehensive view of inventory, while allowing for local management of rates based on demand. The central reservation system allows bookings by the individual hotels, via telephone, by travel agents, and online through their own websites.

Sales Distribution Channels

The following table sets out the room revenue generated from reservations made through the different key sales distribution channels of each Completed Hotel (other than Hyatt Regency Chongming as it opened in March 2014) for FY2013:

	Year ended 31 December 2013				
	Grand Hyatt Shanghai	**The Westin Beijing Chaoyang**	**JW Marriot Hotel Shenzhen**	**The Ritz-Carlton, Sanya**	**Hilton Sanya Resort and Spa**
	(%)	**(%)**	**(%)**	**(%)**	**(%)**
Sales distribution channel					
Local/worldwide reservation centres(1)	52.2	71.9	57.3	87.3	73.0
Online travel agent(2)	12.1	5.7	6.0	9.4	24.8
Global distribution centre(3)	23.6	13.4	22.7	0.4	0.1
Hotel website(4)	7.3	3.3	11.6	1.9	1.4
Others(5)	4.8	5.7	2.4	1.0	0.7
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Notes:

(1) Reservation centres are operated by the Hotel Managers and assist potential guests in making reservations by phone, fax or email.

(2) Consists of internet travel intermediaries and online travel service providers, including, but not limited to, www.expedia.com, www.ctrip.com, www.elong.com, www.agoda.com and www.booking.com.

(3) Consists of a worldwide computerised reservation network dedicated to interface with e-intermediaries and travel agencies to make travel arrangements and room reservations.

(4) Consists of the Hotel Managers' websites, namely, www.hyatt.com, www.starwoodhotels.com, www.marriott.com and www.hilton.com.

(5) Other sales distribution channels include walk-in guests.

Loyalty Programmes

We believe in the importance of building and maintaining good customer relationships and the Hotels participate in certain loyalty programmes operated by the Hotel Managers or their affiliates pursuant to the Hotel Management Agreements:

- **Hyatt Gold Passport**, which is operated by Hyatt and generates substantial repeat guest business by rewarding stays and spending at Hyatt Hotels hotel restaurants, bars and spas with points that can be used to redeem free hotel nights (with no blackout dates or expiry dates for points) and other rewards. Hyatt also operates the Hyatt Gold Passport Planner Rewards programme that rewards meeting and event planners who hold meetings and catering or banqueting events at HHC hotels and resorts;

- **Marriott Rewards and The Ritz-Carlton Rewards**, which is operated by Marriott and which are partnership programmes with one another. Points can be redeemed for stays at Marriott lodging operations, airline tickets and airline frequent flyer programme miles. Marriott also operates the Rewarding Events programme that rewards meeting and event planners who hold meetings and catering or banqueting events at Marriott hotels and resorts;

- **Starwood Preferred Guest**, which is operated by Starwood. The programme has three tiers, including Preferred, Gold and Platinum, and allows guests to redeem loyalty points for free night stays without blackout dates or extra point charges on standard rooms, regardless of the membership level; and

- **Hilton HHonors**, which is operated by Hilton Worldwide. The programme is tiered as Blue, Silver, Gold and Diamond, each with additional hotel benefits such as late checkout and free night stay. Loyalty points can be accumulated through spending with partner airlines, car rentals, credit cards and wine clubs.

The Hotel Managers' loyalty programmes are funded through a contribution from eligible revenue generated from the respective programmes' members. These funds are applied to reimburse hotels and partners for room nights where guests redeem points and to pay for administrative expenses and marketing initiatives associated with the programmes.

CUSTOMERS

Each of the Completed Hotels analyses its customer base by country of origin and by guest type.

Given the nature of the hotel business, the Completed Hotels did not have any single customer that contributed more than 5% to the Group's revenue, or that was otherwise material to the Group's business, during the Track Record Period. Accordingly, none of the Group's major customers are also the Group's major suppliers and vice versa.

The following table sets out the percentage of room nights by country/region of origin for FY2013:(1)(2)

	Year ended 31 December 2013				
	Grand Hyatt Shanghai	The Westin Beijing Chaoyang	JW Marriot Hotel Shenzhen	The Ritz-Carlton, Sanya	Hilton Sanya Resort and Spa
	(%)	(%)	(%)	(%)	(%)
Country/Region of Origin					
Asia (ex. China)	19.1	19.5	16.3	3.3	4.1
China	45.8	52.8	48.4	89.6	88.8
Australia and New Zealand	2.2	1.2	0.9	0.3	0.3
Europe (ex. United Kingdom)	11.1	9.3	3.1	3.3	4.8
United Kingdom	2.2	1.6	1.0	0.5	0.1
United States	16.2	12.0	25.6	0.8	0.6
Others	3.4	3.6	4.7	2.2	1.3
Total	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Notes:

(1) The data is based on information provided by the customers derived from the Hotels' management and marketing data systems and has not been independently verified.

(2) The table above does not include Hyatt Regency Chongming, which opened in March 2014.

For details of the tenants of the office and retail areas at Jin Mao Tower, please see *"— Completed Properties — Jin Mao Tower"* above.

SEASONALITY

The hospitality industry is seasonal in nature. The periods during which the Hotels experience higher or lower levels of demand vary from property to property and depend upon the location and the competitive mix within the specific location. Our overall hotel operations are not significantly impacted by seasonality due to our geographically diversified portfolio of the Hotels, which are strategically located in the central business areas of top tier cities and tourist hot spots in the PRC. Based on our historical results, the Hotels located in cities generally benefit from strong demand for hotel rooms in the second and third quarters of the calendar year, while demand for hotel rooms in our two resort hotels in Sanya increases during the New Year and Chinese New Year holidays. In addition, certain special events such as international or regional sports matches, conventions, trading fairs or exposition events hosted by the cities where we operate may increase the demand for our hotels located in such host cities.

COMPETITION

The property and hospitality industries in the PRC are highly competitive.

Jin Mao Tower (excluding Grand Hyatt Shanghai) competes with other properties to attract and retain office and retail tenants. Despite the competitive environment, the Group has been able to maintain high average occupancy rates for the office and retail areas of Jin Mao Tower, which the Directors believe is partly due to the prime location and landmark status of Jin Mao Tower and its Grade A office status.

The Hotels face competition from other hotel operators nearby, particularly those that offer rooms and banqueting and meeting facilities of a similar quality at similar prices. Key competitive factors in the hospitality industry include location, brand, room rates, banqueting and meeting facility rates and range and quality of services and facilities. In addition, the Hotels are likely to face competition in recruiting and retaining staff due to high demand in the hospitality sector, as well as potential competition from the entry of new hotels into the market.

However, hotel managers generally do not have to manage hotels which compete against each other and the Directors are of the view that hotels which are managed by the same hotel manager group and/or located in the same city do not compete against each other on the basis that such hotels are generally located in different districts within the same city, have different price points for the hotel room rates and may be of different brand categories which generally target different types of hotel guests. For example:

- Grand Hyatt Shanghai and Hyatt Regency Chongming are both located in Shanghai but are not expected to compete with each other on the basis of location, branding, service philosophies which cater to and attract different types of hotel guests and different price points for the hotel room rates;

- Grand Hyatt Shanghai and Hyatt on the Bund in Shanghai are located in close proximity to each other but do not compete with each other on the basis of branding and service philosophies which cater to and attract different types of hotel guests;

- The Westin Beijing Chaoyang and The Westin Beijing Financial Street are both of the same brand and while they are both in Beijing, they are located in different districts and focus on different types of hotel guests. The Westin Beijing Chaoyang is located within easy access to a popular entertainment district while The Westin Beijing Financial Street is located in Beijing's financial district; and

- The Ritz-Carlton, Sanya and Hilton Sanya Resort and Spa are both located at Yalong Bay in Sanya, Hainan but these two hotels do not compete with each other on the basis of branding, service philosophies which cater to and attract different types of hotel guests and different price points for the hotel room rates.

The hotel food and beverage industry in the PRC is also highly competitive. The Hotels' restaurants face competition from a variety of restaurants. Key competitive factors in the industry include menu range, food quality and consistency, quality of service, price, restaurant location and atmosphere.

The Company has commissioned DTZ, an independent market consultant, to prepare the DTZ Market Report on the property and hospitality industries in the PRC, which is set out in *"Appendix V — DTZ Market Report"*.

SUPPLIERS

We procure our supplies mainly from suppliers based in the PRC. For FY2011, FY2012 and FY2013, purchases from our five largest suppliers accounted for approximately 11.9%, 24.6% and 58.1% of our total purchases, respectively.

For FY2011, the total purchases attributable to our largest supplier, who is also a connected person which supplied us with construction services, accounted for approximately 2.9% of our total purchases.

For FY2012, the total purchases attributable to our largest supplier, who is an independent third party which supplied us with construction services, accounted for approximately 16.2% of our total purchases. In addition, the total purchases attributable to one out of our five largest suppliers in FY2012, who is a connected person which supplied us with construction and renovation services, accounted for approximately 4.0% of our total purchases.

For FY2013, the total purchases attributable to our largest supplier, who is an independent third party and supplied us with construction services, accounted for approximately 21.7% of our total purchases. In addition, the total purchases attributable to one of our five largest suppliers in FY2013, who is a connected person which supplied us with renovation services, accounted for approximately 3.0% of our total purchases. See *"Connected Transactions — One-off Connected Transactions — Decoration Services from the Franshion Group*" for further details.

Save as disclosed above, our five largest suppliers are independent third parties and to the best knowledge and belief of the Directors, none of the Directors or their associates or any Holders of Share Stapled Units (which to the knowledge of the Directors beneficially own more than 5% of the Share Stapled Units) had any interest in any of the five largest suppliers of the Group during the Track Record Period.

The increase in supplies purchased from our five largest suppliers during FY2012 and FY2013 (as compared to that in FY2011) was mainly due to the renovation and construction of Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang.

During the Track Record Period, our major suppliers consisted mainly of:

- construction and renovation companies;
- hotel supplies companies; and
- installation and maintenance service providers.

We enjoy stable relationships with our major suppliers and our major suppliers have been suppliers of the Group for an average of four years. We usually obtain quotes from at least three companies when selecting a new supplier and will decide on the new supplier based on several factors, including price, reputation of the supplier and quality of the materials, goods and services offered.

During the Track Record Period, all of the Group's purchases were settled in RMB and were settled mainly by bank transfers. The credit and payment terms granted by our suppliers were generally between 30 and 45 days. Although we have entered into yearly supply agreements with some of our major suppliers, we have not entered into long-term supply agreements with our major suppliers.

We maintain multiple suppliers for our purchases in an effort to avoid relying too heavily on any single supplier and to avoid unexpected shortages. To the extent possible and subject to prevailing market conditions, any increase in the prices of goods and services supplied will be passed on to our customers. For example, an increase in food and beverage supplies may result in an increase in restaurant meal prices and an increase in construction and renovation supplies may result in an increase in room rates. In the event that any of our existing suppliers is no longer able to supply goods and services to us or suddenly increases the prices of goods and services supplied, we believe we will be able to identify suitable substitute suppliers in a timely manner. During the Track Record Period, we did not experience any material interruptions to, or material decline in, the amount or quality of our purchases.

QUALITY CONTROL

We believe in maintaining the quality of the Properties, the quality of our supplies and the quality of our service.

Under the Hotel Management Agreements, the Hotel Managers are expected to maintain the Hotels to a certain standard and quality. We also work together with the Hotel Managers to monitor the services and overall quality of the Hotels. The Hotel Managers also strive to maintain quality and consistency in the Hotels' restaurants through training and supervision of our employees and the establishment of standards relating to food preparation, maintenance of facilities and the conduct of our employees. In particular, the hygiene and quality of the restaurants are closely monitored by our trained employees.

In addition, we monitor the maintenance and renovation of the Properties and ensure that all capital expenditures and FF&E expenses are prudent and appropriate.

Furthermore, we have a centralised procurement system which requires potential suppliers to engage in a bidding process, thereby ensuring top quality supplies to the Properties at a favourable price.

We also focus on the development and training of our employees and believe that providing good quality service is important in the hospitality industry. Please see *"— Employees — Training and Development"* below for further details.

INSURANCE

The Hotel Companies are responsible for procuring and maintaining adequate public liability and indemnity and property insurance at such times during the operating terms under the Hotel Management Agreements in connection with such repairs, changes and replacements made during the operating terms, as well as property all-risk (including building and contents) insurance and business interruption insurance at all times during the operating terms of the Hotel Management Agreements. The Hotel Managers are responsible for maintaining public liability insurance but the relevant costs are charged back to the relevant Hotels under the Hotel Management Agreements. Depending on the commercial agreement between the parties, the Hotel Companies or the Hotel Managers are responsible for maintaining workmen's compensation and employers' liability insurance.

In addition, Jin Mao Tower is insured to standards in line with industry practice. The principal insurance in place for Jin Mao Tower includes property, public liability, business interruption, cash and employee liability insurance.

During the Track Record Period, there were no significant or unusual excess or deductible amounts under these policies and the Directors are of the view that the insurance coverage under these policies is adequate and customary for our industry.

INTELLECTUAL PROPERTY

On 25 March 2014, China Jin Mao (Group) (a wholly-owned subsidiary of the Company) and Franshion (Shanghai) (a wholly-owned subsidiary of Franshion) entered into the Jin Mao Trademark Transfer Agreement pursuant to which China Jin Mao (Group) transferred the Jin Mao Trademarks to Franshion (Shanghai) for a consideration of approximately RMB4.9 million. Subject to obtaining the relevant PRC regulatory approvals, completion of the transfer is expected to occur by early 2015. Upon completion of the transfer of the Jin Mao Trademarks to Franshion (Shanghai), Franshion (Shanghai) intends to enter into a trademark licence agreement with the Trustee-Manager and the Company for the use of the Jin Mao Trademarks for a nominal amount. For further details on the Jin Mao Trademark Transfer Agreement, please see *"History and Reorganisation — The Reorganisation — Transfer of the Jin Mao Trademarks to the Franshion Group"*.

As at the Latest Practicable Date, in addition to the Jin Mao Trademarks, we had one registered trademark and 13 domain names which are material to our business. Further details of our intellectual property are set out in *"Appendix X — Statutory and General Information — Further Information About the Business — Intellectual Property"*. The main trademarks used by the Hotels are owned by the Hotel Managers or their respective affiliates.

As at the Latest Practicable Date, we had not been engaged in litigation or legal proceedings relating to the violation of intellectual property rights.

EMPLOYEES

As at 31 December 2013, we had 3,519 full-time employees who were engaged in the operation and management of the Properties. The following table sets out a breakdown of such full-time employees by function as at 31 December 2013:

	Number of Employees									
Functions	**Jin Mao Tower (excluding Grand Hyatt Shanghai)**	**Grand Hyatt Shanghai**	**The Westin Beijing Chaoyang**	**JW Marriott Hotel Shenzhen**	**The Ritz-Carlton, Sanya**	**Hilton Sanya Resort and Spa**	**Hyatt Regency Chongming[1]**	**Renaissance Beijing Wangfujing Hotel**	**Grand Hyatt Lijiang**	**Total**
Rooms	0	183	162	142	287	146	17	0	0	937
Food and beverage	0	427	191	153	279	177	23	0	0	1,250
Sales and marketing	0	41	32	20	42	36	11	0	0	182
Engineering	0	36	40	26	67	60	11	0	0	240
Administration and general	85	159	60	59	53	175	32	47	3	673
Property management	214	0	0	0	0	0	0	0	0	214
Leasing	9	0	0	0	0	0	0	0	0	9
Sightseeing	14	0	0	0	0	0	0	0	0	14
Total	**322**	**846**	**485**	**400**	**728**	**591**	**94**	**47**	**3**	**3,519**

Note:

(1) Hyatt Regency Chongming opened in March 2014.

We also hire part-time employees from time to time to meet additional staffing requirements for banqueting events.

We place emphasis on recruiting a qualified team of people and we have a policy of seeking to maintain an efficient workforce while continually reviewing our manpower requirements and improving employee productivity.

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, confidentiality and grounds for termination. We set targets for our employees based on their position and department and periodically review their performance. The results of such reviews are used in their salary reviews, bonus awards and promotion appraisals. Our employee remuneration package may comprise one or more of the following elements: basic salary, discretionary annual bonus and incentivisation payments payable upon the attainment of certain annual financial or non-financial goals. The relative weight of each of these elements in an employee's remuneration package will depend on his or her seniority and department.

In addition to our full-time employees, we have workers provided by staffing agencies. During the Track Record Period, we have entered into labour despatch agreements with staffing agencies who are independent third parties. Pursuant to the labour despatch agreements, the staffing agency enters into employment contracts directly with these despatched workers and provides us with suitable workers for a nominal fixed fee per despatched worker per month, while we are responsible for paying the staffing agency the monthly salaries and social insurance contributions for the despatched workers, which the staffing agency will then pay to the despatched workers. As at 31 December 2013, we had 269 workers who were despatched to us under the labour despatch agreements, who were responsible for providing administrative, property management, sightseeing, room cleaning and restaurant-related services.

For FY2011, FY2012 and FY2013, our total staff costs were approximately HK$542.3 million, HK$555.5 million and HK$559.2 million, respectively, representing approximately 20.2%, 21.0% and 21.2% of our total revenue, respectively.

Our employees are members of trade unions which represent the interests of the employees as a whole and work closely with our management on labour-related issues. Committee members of the trade unions are elected from our employees for a term of three years.

During the Track Record Period, we did not experience any strikes, work stoppages, labour disputes or actions which had a material adverse effect on our business and operations.

Training and Development

We place great emphasis on the training and development of our employees. The Hotel Managers implement ongoing training and development programmes for our employees which cover general training, including orientation and service philosophy, skills training specific to the role and responsibility of the employee and leadership development training.

We encourage our employees to attend work-related conferences, provide internal training sessions to improve their skills and provide personalised training programmes to key positions, core management members and young talents to help them with their career development. In addition, we have designed systemic training plans for our newly recruited staff so as to enable them to understand our corporate culture and the level and quality of service expected in the hospitality industry.

Employee Benefits

Our employee benefits include paid leave, duty meals, uniform laundry services, social insurance and workmen's compensation insurance coverage and contributions to pension funds.

The Company proposes to implement, after the Listing, a share incentive scheme in order to attract, retain and incentivise the senior management and key employees of the Group. Such scheme is subject to the prior approval of the competent authorities and will be implemented in accordance with Chapter 17 of the Listing Rules and other relevant laws and regulations.

HEALTH AND SAFETY

We are subject to the health and safety requirements of the PRC. We have internal policies and systems in place designed with a view to implementing and ensuring compliance with such requirements. We believe that we are, and have been, in compliance with such requirements during the Track Record Period up to the Latest Practicable Date. Our liability to our employees is covered by insurance, which we are required by law to take out. During the Track Record Period, there were no material accidents in the course of our business operations.

ENVIRONMENTAL MATTERS

The operations of the Properties are subject to various environmental laws and regulations, including those relating to waste disposal, water pollution control, air pollution control and noise control. For FY2011, FY2012 and FY2013, our total costs of compliance with applicable environmental laws and regulations were approximately RMB0.7 million, RMB0.7 million and RMB0.8 million, respectively.

The annual costs of compliance going forward are expected to be similar. Save for The Westin Beijing Chaoyang, none of the Properties has received any material fines or penalties associated with the breach of any environmental laws or regulations since the commencement of their operations. See *"— Legal and Regulatory Matters — PRC Non-compliance Incidents"* for further details.

CORPORATE SOCIAL RESPONSIBILITY

We and the Hotel Managers recognise the potential environmental and social impacts that our business, products and services have on the environment and local communities and understand the importance of preserving our community and environment for our future generations by operating the Properties responsibly. This belief is essential to our and the Hotel Managers' sustainability commitment and is ingrained in the day-to-day practices of the Properties.

The Properties have also received numerous awards for their commitment to the environment, including:

- "Leading Green Business Hotel of Asia" awarded by Asia Hotel Forum Asia Hotel Awards to Grand Hyatt Shanghai in 2010; and

- "LEED-EB Gold Certification" by the U.S. Green Building Council to Jin Mao Tower in 2013.

Furthermore, we have shown continuous support and enthusiasm in social and welfare activities. We believe in increasing our employees' awareness of social responsibility through different channels and means. During 2013, the Hotels organised the following activities:

- JW Marriott Hotel Shenzhen organised the "Care for Children During Chinese New Year" event in 2013 and the staff of the Hotel spent their Chinese New Year with around 100 children in the Shenzhen Welfare Centre.

- Grand Hyatt Shanghai organised a staff tour to visit the elderly at nursing homes in Lujiazui, Shanghai.

- Employees of The Ritz-Carlton, Sanya visited the elderly at the Sanya Gaofeng Geracomium.

- Hilton Sanya & Resort Spa kicked off a series of love and care activities, including visits to local nursing homes and centres for the disabled, and the "blue ribbon" beach cleaning event.

HEDGING

There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between RMB and other currencies. As at the Latest Practicable Date, we had not entered into any hedging transactions against foreign currency risks. While we may seek to enter into hedging transactions in the future, the availability and effectiveness of currency hedging transactions may be limited, and we may not be able to hedge our exposure to foreign currency risks successfully, or at all. See *"Financial Information — Foreign Currency Risk"* and *"Risk Factors — Risks Relating to Our Business and Operations — We may engage in hedging transactions, which can limit gains and increase exposure to losses"* for further details on foreign currency and hedging risks.

LEGAL AND REGULATORY MATTERS

Litigation, Claims and Arbitration

As at the Latest Practicable Date, none of Jinmao Investments, the Trustee-Manager or any member of the Group was engaged in any litigation, claim or arbitration of material importance nor, to the best of our knowledge, is any litigation, claim or arbitration of material importance pending or threatened against any of Jinmao Investments, the Trustee-Manager or any member of the Group. In addition, as at the Latest Practicable Date, none of Jinmao Investments, the Trustee-Manager or any member of the Group was the subject of any actual, pending or threatened bankruptcy or receivership claims.

Key Laws and Regulations Applicable to the Group

A summary of the key laws and regulations which are applicable to the Group's operations in the PRC is set out in *"Appendix VI — Regulatory Overview"*.

PRC Non-Compliance Incidents

A summary of the material PRC non-compliance incidents by the Group during the Track Record Period is set out in the table below.

No.	Non-compliance incidents	Reasons	Remedial measures	Possible legal consequences and impact
	Environmental Matters			
1.	Pursuant to the applicable PRC laws and regulations, enterprises engaging in the hospitality industry in the PRC are required to conform to all applicable laws and regulations in relation to environmental protection. In 2013, a penalty of RMB20,000 in relation to air pollution issues was imposed on one of our PRC subsidiaries, namely Beijing Jin Mao, which owns The Westin Beijing Chaoyang.	Excessive release of steam, gas and smoke in relation to our restaurant operations.	Beijing Jin Mao has paid all fines in full and carried out all rectification measures required by the relevant governmental authority. Other than this previous incident of non-compliance and as at the Latest Practicable Date, neither Beijing Jin Mao nor The Westin Beijing Chaoyang has been fined or penalised, nor have any notices of penalty against these entities been received regarding any potential environmental issues during the Track Record Period. We will continue to place great emphasis on environmental protection and will take all reasonable steps to comply with the applicable laws and regulations. The Company has also established a safety committee which is headed by Mr. Zhang Hui, the Chief Executive Officer and Executive Director of the Group, who has approximately 16 years of experience in large-scale project development and management, project investment planning and corporate governance. We firmly believe that as Mr. Zhang Hui is intimately involved in the day to day operations of the Group, he is highly suitable for this position. In addition, the appointment of Mr. Zhang Hui demonstrates our commitment to proper corporate governance and compliance. The safety committee is responsible for environmental compliance matters and regular inspections of the Hotels to ensure compliance. In addition, the Company has appointed Mr. Meng Yongchu, who is the Board Secretary of the Group and who has 20 years of experience in corporate management, to oversee and monitor the internal control measures and Mr. Zhao Min, who is the general manager of the Group's health and safety department and who has 39 years of experience in health and safety, to execute and carry out such measures. Please refer to "*—Risk Management and Internal Control*" for more details.	Our PRC legal adviser, Tian Yuan Law Firm, has advised us that the previously imposed penalty will have no material adverse effect on the operations of Beijing Jin Mao or The Westin Beijing Chaoyang.

No.	Non-compliance incidents	Reasons	Remedial measures	Possible legal consequences and impact
2.	Pursuant to the applicable PRC laws and regulations, enterprises engaging in the hospitality industry in the PRC are required to go through certain environmental protection examinations and acceptance procedures before their formal opening. Beijing Jin Mao has not gone through the required environmental protection examinations and acceptance procedures with respect to The Westin Beijing Chaoyang.	Failure to go through the required examinations and procedures was the result of an oversight on the part of certain of our employees.	Beijing Jin Mao has liaised with the local environmental authority to inquire about the required environmental protection examinations and acceptance procedures with respect to The Westin Beijing Chaoyang. As part of the examination and acceptance process, Beijing Jin Mao is required to submit an environmental assessment report prepared by an authorised independent environmental consultant and Beijing Jin Mao is arranging for the preparation of such report. The environmental authority will carry out the required examination procedures in due course. We estimate that the entire application and examination process will take approximately four to five months. The Company has also established a safety committee. The safety committee is responsible for environmental compliance matters and regular inspections of the Hotels to ensure compliance. In addition, the Company has appointed Mr. Meng Yongchu, who is the Board Secretary of the Group and who has 20 years of experience in corporate management, to oversee and monitor the internal control measures and Mr. Zhao Min, who is the general manager of the Group's health and safety department and who has 39 years of experience in health and safety, to execute and carry out such measures. Please refer to "*—Risk Management and Internal Control*" for more details.	As at the Latest Practicable Date, Beijing Jin Mao had not received any notice or order from any governmental authorities requiring it to cease operations as a result of such environmental non-compliance. Our PRC legal adviser, Tian Yuan Law Firm, has advised us that if Beijing Jin Mao fails to go through the required environmental protection examinations and acceptance procedures, it may be required to cease operations and/or pay a fine of up to a maximum of RMB100,000. However, given the fact that the relevant governmental authorities have confirmed in writing that no penalties other than the fine of RMB20,000 in connection with incident number one above (which was paid in full by Beijing Jin Mao) have been imposed in the relevant period, and given the fact that no other penalties or fines have been imposed thus far, our PRC legal adviser, Tian Yuan Law Firm, is of the view that the risk of Beijing Jin Mao being required to cease operations is minimal.

No.	Non-compliance incidents	Reasons	Remedial measures	Possible legal consequences and impact
	Registration of Leases			
3.	Pursuant to the applicable PRC laws and regulations, a lease in relation to a parcel of property must be registered with the local branch of the Ministry of Housing and Urban Development of the PRC. During the Track Record Period, China Jin Mao (Group) and our other subsidiaries failed to register approximately 150 leases in relation to premises that they leased to their tenants (principally at Jin Mao Tower) and that the Group leased from other independent third parties.	It would be difficult and costly to locate and cooperate with current and former tenants in order to register the leases or de-register previous lease registrations.	China Jin Mao (Group) and our other subsidiaries are in the process of registering the required leases with the local branch of the Ministry of Housing and Urban Development of the PRC. However, this will require the cooperation of both current and former tenants and landlords. China Jin Mao (Group) and our other subsidiaries will take all reasonable steps to ensure all the required leases are registered. We have strengthened our lease registration practices. Specifically, we request each new tenant to provide the relevant information in order to register the leases. We estimate that the leases of approximately 30 tenants will expire by the end of this year. We are implementing the new lease arrangement (including the new lease agreement with specific provisions in relation to lease registration) and require both new tenants and tenants renewing expiring leases to cooperate with us with regard to the lease registration process. With regard to leases that have already expired, we have cancelled more than half of them. For the remaining expired leases which have not been cancelled but for which the tenants have already vacated the premises, we have communicated with the relevant local authority regarding the cancellation of these leases and the local authority has generally agreed to provide assistance. In addition, our internal policy has been revised such that our office leasing department shall be responsible for supervising the registration of leases. Our internal audit department shall conduct regularly scheduled checks to confirm that leases have been or are in the process of being registered. Further, our office leasing department will liaise with all landlords and tenants to ensure registration. In addition, the Company has appointed Ms. Lu Min, who is the assistant general manager of the office leasing department and who has 10 years of experience in corporate management and leasing operations, to oversee, monitor and execute the internal control measures.	Our PRC legal adviser, Tian Yuan Law Firm, has advised us that the lack of registration of the lease agreements will not affect the validity of the lease agreements under PRC law. However, for the leased properties to which the Group is a lessee, the failure to register the lease agreements may result in third parties challenging the Group's rights with respect to such leased properties. As at the Latest Practicable Date, the Group had not received any notices from any third parties concerning the titles of, or our interests in, any of our leased properties. In addition, our PRC legal adviser, Tian Yuan Law Firm, has also advised us that a maximum penalty of RMB10,000 may be imposed for non-registration of each lease. The estimated total maximum penalty is approximately RMB 1.5 million.

No.	Non-compliance incidents	Reasons	Remedial measures	Possible legal consequences and impact
	Civil Air Defence Matters			
4.	Under the applicable PRC laws and regulations, enterprises in the PRC are required to construct and incorporate civil air defence projects in new buildings for civil use. Such civil air defence projects can be used and managed by investors and the income generated therefrom can be retained by such investors. However, a licence is required to be obtained from the relevant administrative authority for civil air defence by the investors for their use of such civil air defence projects during peacetime. During the Track Record Period, Jin Mao Sanya Resort Hotel and Jin Mao Shenzhen did not hold licences for the use of civil air defence projects during peacetime for Hilton Sanya Resort and Spa and JW Marriott Hotel Shenzhen, both of which include civil air defence projects of approximately 1,827 sq.m. and 2,452 sq.m., respectively, and utilise the same as parking spaces in their daily operations.	Lack of the required licences was the result of an oversight on the part of certain of our employees.	Jin Mao Sanya Resort Hotel has obtained the licence for the use of civil air defence projects during peacetime issued by the Sanya Civil Defence Office on 8 April 2014. Jin Mao Shenzhen has contacted the Shenzhen Civil Defence Committee Office (深圳市民防委員會辦公室) regarding the application for the licence for the use of civil air defence projects during peacetime. The local authority informed Jin Mao Shenzhen that it is not required to apply for and obtain such licence according to the local administrative practices as Jin Mao Shenzhen has passed the civil air defence project examination and acceptance. According to the conversation between the Group's PRC legal adviser, Tian Yuan Law Firm, and the local authority, the Group's PRC legal adviser has obtained a similar confirmation that Jin Mao Shenzhen is not required to apply for and obtain such licence according to the local administrative practices as Jin Mao Shenzhen has passed the civil air defence project examination and acceptance. The Group's PRC legal adviser, Tian Yuan Law Firm, advises that according to the Management Provisions on Construction of Civil Air Defence Project (《人民防空工程建設管理規定》), a civil air defence project could be used only after the project passes the examination and acceptance. In addition, Tian Yuan Law Firm confirms that Jin Mao Shenzhen has passed the civil air defence project examination and acceptance in accordance with the relevant rules and procedures as Jin Mao Shenzhen has obtained the Civil Defence Project Examination and Acceptance Certificate (民防工程驗收證書). Based on the local authority's advice regarding the local administrative practices the confirmation that the Group's PRC legal adviser has obtained and the fact that Jin Mao Shenzhen has passed the civil air defence project examination and acceptance, the Group's PRC legal adviser, Tian Yuan Law Firm, is of the opinion that Jin Mao Shenzhen is currently not required to apply for the use of civil air defence projects. As part of the effort to ensure its compliance, Jin Mao Shenzhen undertakes that it will liaise with the local authority on an annual basis to inquire about possible changes to the local administrative practices. If the local authority changes its administrative practices and requires such license, Jin Mao Shenzhen will apply for it in due course.	Jin Mao Shenzhen may receive warnings from the administrative authority for civil air defence and may be required to refrain from using the civil air defence project located on JW Marriott Hotel Shenzhen during peacetime until the required licence has been obtained. In addition, Jin Mao Shenzhen may be required to pay a fine of up to RMB50,000 and may be held liable for any losses or damages arising therefrom by the relevant administrative authority for civil air defence.

No.	Non-compliance incidents	Reasons	Remedial measures	Possible legal consequences and impact
			With respect to the Group's Civil Air Defence compliance matters, regular inspections will be scheduled for all properties of the Group and will be performed by the engineering department to ensure that the design, construction and quality of the properties conform to the protection and quality standards established by the PRC Government. In addition, we have established internal control procedures whereby our engineers may also seek legal and/or technical advice from external professional consultants when necessary. In addition, the Company has appointed the general manager of Jin Mao Shenzhen and vice executive director of JW Marriott Hotel Shenzhen, who has approximately 15 years of experience in general hotel operations and management, to oversee, monitor and execute the internal control measures.	

Property

According to the Interim Regulations of the People's Republic of China Concerning the Assignment and Transfer of the Right to the Use of State-owned Land in Urban Areas (《城鎮國有土地使用權出讓和轉讓暫行條例》) and other relevant laws and regulations, land use rights for comprehensive use are limited to a maximum term of 50 years.

In 1997, Jin Mao Shenzhen, which owns JW Marriott Hotel Shenzhen, entered into a land use right agreement which contained a 20 year extension in excess of the 50 year maximum term. Jin Mao Shenzhen has undertaken that it will take all necessary steps to procure an extension and adhere to other requirements in accordance with the applicable laws and regulations upon the expiration of the 50-year land use term.

Our PRC legal adviser, Tian Yuan Law Firm, has advised us that the Land Administration Department of Shenzhen City may refuse to grant the 20 year extension upon the expiration of the 50 year term and may require that a land premium be paid for such 20 year extension. In addition, our PRC legal adviser, Tian Yuan Law Firm, is of the view that there is insufficient legal basis to support the 20 year extension. As such, Jin Mao Shenzhen may be unable to enforce the existing 20 year extension under the land use right agreement.

Civil Air Defence Properties

As at the Latest Practicable Date, certain underground areas of four hotels of the Group were considered to be civil air defence properties. Such civil air defence properties have an aggregate GFA of 14,400 sq.m. (representing 2.2% of our total GFA) and a carrying amount of nil. Please refer to *"Appendix IV — Property Valuation"* for more details. These civil air defence properties are accounted for as property, plant and equipment.

Our PRC legal adviser, Tian Yuan Law Firm, is of the opinion that, as at the Latest Practicable Date, our civil air defence properties complied with the Civil Air Defence Law in all material aspects. Jin Mao Sanya Resort Hotel and Jin Mao Shenzhen did not hold licences for the use of civil air defence projects during peacetime for Hilton Sanya Resort and Spa and JW Marriott Hotel Shenzhen during the Track Record Period and remedial measures have been taken to address these issues. For further information, see "*— Legal and Regulatory Matters — PRC Non-Compliance Incidents*". The Directors believe that, other than as stated above, our business operations have complied with the Civil Air Defence Law in all material respects. During the Track Record Period and up to the Latest Practicable Date, we had not received any warning notice, rectification order or been subject to any fines or penalties in connection with the Civil Air Defence Law.

In addition, the use of civil air defence properties is subject to management and maintenance conditions under the Civil Air Defence Law. Under the Civil Air Defence Law, while an investor in civil air defence properties can use (including lease) and manage civil air defence property in times of peace and profit therefrom, such use shall not impair their functions as civil air defence properties. The design, construction and quality of the civil air defence properties must also conform to the protection and quality standards established by the PRC Government. We adopt internal control measures such as regular site inspections to ensure our compliance with the Civil Air Defence Law. If we fail to maintain the civil air defence properties in accordance with the applicable laws and regulations, we may be subject to adverse legal consequences. Furthermore, in the event the PRC Government declares a state of war, it may take over civil air defence properties as civil air defence shelters. If we fail to provide the civil air defence properties when required by the PRC Government in such times of war, we may be subject to sanctions imposed by the PRC Government.

Please see *"Risk Factors — Risk Relating to Our Business and Operations — Certain portions of the Properties are designated as civil air defence properties"* for further information regarding the civil air defence property.

In respect of the use of civil air defence properties, we have adopted or will adopt the following measures in order to continue to use, manage and maintain the civil air defence properties in compliance with the applicable laws and regulations:

- we intend to consult external legal advisers to update us on an on-going basis regarding the continuing legal developments in respect of the interpretation and enforcement by PRC governmental authorities in respect of civil air defence properties; and

- we have engaged an internal control adviser to conduct a comprehensive review of the effectiveness of our internal control system, including controls associated with the usage of air civil defence properties.

Defective Title

The following table sets out certain information in respect of the defective title issue related to JW Marriott Hotel Shenzhen as at the Latest Practicable Date.

Type of defect	Particulars of land	Usage	Maximum potential liabilities	PRC legal implications	Remedial plan	Material difference in land cost	Safety condition
We do not hold an appropriate property ownership certificate for approximately 2,880 sq.m. (consisting of above ground areas and an underground area) of JW Marriott Hotel Shenzhen.	JW Marriott Hotel Shenzhen has a total gross floor area of approximately 52,000 sq.m., of which approximately 42,000 sq.m. is above ground and approximately 10,000 sq.m. is underground. Of the total gross floor area, we do not hold a property ownership certificate in relation to approximately 2,880 sq.m., representing 5.5% of the total gross floor area of JW Marriott Hotel Shenzhen. The defective portion of property contributed to 1.3%, 1.4% and 1.5% of the Group's overall revenue and 1.1%, 0.7%, and 0.1% of the Group's overall profit during the Track Record Period.	Of the above ground areas at issue, area A, comprising approximately 440 sq.m., is primarily used as a machinery area and area B, comprising approximately 1,800 sq.m., is primarily used as three restaurants, a portion of the meeting/banquet space and a portion of the lobby (mainly the Lounge restaurant). The underground area at issue, area C, comprising approximately 640 sq.m., is primarily used as an office and kitchen space for staff. With respect to defective area A, the Directors are of the view that the machinery area does not generate revenue and can be re-arranged, and that such re-arrangement cost will not be material to the Group and will not cause material disruption to the hotel's operations. With respect to defective area B, the Directors are of the view that only a portion of the hotel lobby, which is mainly used for the lounge restaurant (the Lounge), does not have an ownership certificate. In the event the defective portion can no longer be used, the remaining part of the lobby, which is still a fully functional lobby with the entrance and the reception located on the property for which proper title has been obtained, can still be used. In addition, (i) two restaurants in the hotel and (ii) approximately 637 sq.m. out of 1,226 sq.m. of the meeting/banquet space are located on the defective portion of the property. In the event the defective portion can no longer be used, the remaining two hotel restaurants and meeting/banquet area are sufficiently equipped to accommodate the demands of the hotel guests and the meeting/banquet area is designed to be flexible such that it can be partitioned accordingly to exclude the area with defective title. As such, the Directors believe that while the above remedial measures may temporarily disrupt the hotel's operations to some extent, it will not materially and adversely affect the Group's business operations or financial position in the long-term. With respect to defective area C, the Directors are of the view that the office and kitchen space for staff in the underground area can easily be converted back to car park space if required and that such conversion will not have a material impact on the Group as a whole and will not cause a material disruption to the hotel's operations.	As at the Latest Practicable Date, Jin Mao Shenzhen had entered into a supplemental land use right agreement, paid the corresponding land premium along with all required fines and had obtained the required planning approval.	Our PRC legal adviser, Tian Yuan Law Firm, is of the view that we have the legal right to continue to occupy and use the defective areas for which we have not obtained a property ownership certificate based on the following reasons: • According to the Property Law of the PRC (《中華人民共和國物權法》), the holder of a construction land use right has ownership of the buildings developed by such holder, unless there is contradictory evidence. Given the fact that Jin Mao Shenzhen (i) has obtained the land use right on which the property is situated and passed the examination and acceptance procedure regarding the construction of the project, (ii) has entered into a supplemental land use right agreement, and paid the corresponding land premium and all required fines and (iii) has obtained the required planning approval, and given the fact that there is no contradictory evidence challenging Jin Mao Shenzhen's right to the property, our PRC legal adviser, Tian Yuan Law Firm, is of the opinion that Jin Mao Shenzhen has the ownership of the property and is therefore allowed to continue to occupy and use the defective area. • According to the conversation between our PRC legal adviser, Tian Yuan Law Firm, and the Urban Planning and Land Resources Commission of Shenzhen Municipality, our PRC legal adviser has obtained confirmation that such property usage is not prohibited and has also relied on such confirmation in part for the basis of its legal opinion. In addition, our PRC legal adviser, Tian Yuan Law Firm, is also of the view that before we obtain the property ownership certificate, such defects may prevent the defective areas from being transferred or accepted as security for mortgages. However, such defect does not impact the use and occupancy of the defective areas.	We will take reasonable action to obtain a new property ownership certificate upon the release of the current pledges over JW Marriott Hotel Shenzhen. The remaining term for the pledges is approximately 10 years.	As Jin Mao Shenzhen has already paid the corresponding land premium along with all required fines, there would be no material difference.	In safe condition.

Reasons for the Defective Title

Upon acquisition of JW Marriott Hotel Shenzhen (formerly referred to as the Dongqi building) from a third party, the Group was of the view that improvements to the property needed to be made in order to convert the property into a luxury hotel. While such improvements were being carried out, the property was extended by approximately 440 sq.m. in excess of the permitted GFA stated in the required planning approval and by approximately 1,800 sq.m., which was permitted under the required planning approval. In addition, approximately 640 sq.m. of underground car park space was converted primarily into an office and kitchen space for staff. After completion of the improvements, no separate property ownership certificate for the defective areas was applied for as there was no intention to transfer or mortgage the defective areas at that time and because usage of the defective areas would not be affected by failure to obtain such certificates. JW Marriott Hotel Shenzhen was pledged to secure certain bank loans. After discussing the matter with the relevant PRC authorities, the Group has been informed that it will not be able to effect a new property ownership certificate covering all of JW Marriott Hotel Shenzhen, including the defective areas, until the pledges associated with JW Marriott Hotel Shenzhen are released by the lender.

While Jin Mao Shenzhen has entered into a supplemental land use right agreement, paid the corresponding land premium along with all required fines, and has obtained the required planning approval, the Group is of the view that it is not cost effective or in its best interest to release the pledges prior to the Listing or in the near future, as the amount secured by the pledges is significant. As such, Jin Mao Shenzhen has not applied for a new property ownership certificate.

Effect on Our Business and Financial Position

Notwithstanding the above issue, we expect that our normal operating and financial position will not be materially and adversely affected due to the following reasons:

- as at the Latest Practicable Date, we had not received any order from the relevant local government authorities or any claim from third parties to force us to cease using the defective areas or all of JW Marriott Hotel Shenzhen;

- our normal business operations and financial position will not be materially and adversely affected as the defective areas only constitute 5.5% of the total GFA of JW Marriott Hotel Shenzhen and contributed approximately 1.5% and 0.1% of the Group's revenue and profit for FY2013, respectively. Furthermore, there is no intention to transfer the defective areas and usage of the defective areas is not affected by the absence of the property ownership certificate (as our PRC legal adviser, Tian Yuan Law Firm, has advised us that we have the legal right to continue to use and occupy the property);

- the existing property (with appropriate property ownership certificates and land use rights) is sufficiently equipped to accommodate the demand of the hotel guests; and

- based on the advice of our PRC legal adviser, Tian Yuan Law Firm, the likelihood of additional penalties is low as the corresponding land premium, along with all required fines, have already been paid.

For the above reasons, the Directors are of the view that the defective areas are not, individually or collectively, crucial to our operations.

Internal Control Measures

To further enhance our management of the Properties and prevent incidents of additional properties with defective title, we have adopted the following measures:

- property defects have been specified as one of the areas that need to be covered during all future due diligence and should be one of our decision criteria in purchasing hotels in the future. In respect of establishing a new hotel, we will highlight property defects in our internal approval process and make follow-up plans. When property defects cannot be resolved due to historical issues or lack of governmental approval, we will modify our plans with regard to such new hotel. In respect of acquiring a hotel from Franshion or from a third party, we will require a seller to rectify defective titles within a designated time period or to otherwise provide adequate remedy. When no such action can be taken, legal advice on possible penalties and financial exposure should be obtained for further consideration. We will consider the proposed acquisition and take such actions as we reasonably believe to be in the best interests of the Holders of Share Stapled Units;

- we have enhanced our internal controls procedures relating to non-compliance and other policies with regard to reporting non-compliance issues. In addition, after the Listing, training will be scheduled every three to 12 months to keep the Company's Directors and employees updated regarding the latest internal control measures, and also if at any time management deems it necessary to ensure on-going compliance. The training will primarily focus on (i) internal control policies, (ii) legal requirements, (iii) procedures for on-going compliance, (iv) procedures for reporting non-compliance to the appropriate personnel and (v) actions to be taken by the relevant departments;

- we have established a system to enhance accountability among our employees who are responsible for making decisions to purchase defective properties or who fail to resolve property defects within a reasonable time frame;

- we will engage external legal counsel to advise us regarding relevant legal issues, including but not limited to, compliance issues in connection with hotel operations and property defects; and

- we have also requested our employees to periodically report to us regarding any property defects which have come to their knowledge. Should a situation arise where the usage of land has deviated from the initial intended usage approved by the PRC Government, it should be immediately reported to the relevant department and additional approval from the PRC Government should be obtained.

After the Listing, the Company intends to appoint Tian Yuan Law Firm and other qualified law firms for legal advice services in relation to compliance issues.

We believe that we can effectively monitor and manage property defect issues and reduce our exposure to associated risks through the above measures.

Save as disclosed above and in *"— PRC Non-compliance Incidents"*, as confirmed by our PRC legal adviser, Tian Yuan Law Firm, we have obtained the land use rights for all plots of land on which the Properties are situated and we have obtained the building ownership certificates in respect of the buildings and structures on those plots of land, except for those which are under construction.

Compliance with Laws and Regulations

During the Track Record Period and up to the Latest Practicable Date, we had complied with the relevant laws and regulations in relation to our business in all material respects and there were no material breaches or violations of the laws or regulations applicable to the Group that would have a material adverse effect on our business or financial condition taken as a whole.

Save as disclosed above in *"— PRC Non-compliance Incidents"* and "— *Property*", as confirmed by our PRC legal adviser, during the Track Record Period and up to the Latest Practicable Date, we had obtained all material licences and permits necessary for the operation of our business in the jurisdictions in which we operate and such licences and permits are still valid and in force. We have not experienced any refusal of the renewal application of any material licences or permits necessary for the operation of our business. Further information on the material licences and permits necessary for the operation of our business is set out in *"Appendix VI — Regulatory Overview"*.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management Policies and Procedures

We have established a set of comprehensive risk management policies and measures to identify, evaluate and manage risks arising from our operations according to the recommendations made by an internal control consultant engaged by us and who conducted a comprehensive review of our internal control system. The major features of our risk management policies include the following:

- we have formulated rules covering the entire risk management process from risk identification, formulation and implementation of risk management solutions to risk monitoring and warning, as well as emergency response to materialised risk events; and

- our department in charge of internal audit regularly monitors the compliance by our employees with internal rules and manuals to ensure that we comply with the relevant regulatory requirements and applicable laws. The Company Audit Committee oversees the internal control procedures of the Company. The department in charge of internal audit is responsible for periodically reporting its findings and, where necessary, discusses any issues that may arise with our external legal advisers to help ensure that we are not in breach of relevant regulatory requirements or applicable laws. Our legal department is responsible for monitoring ongoing litigation and ensuring that our contracts are enforceable and in compliance with all applicable laws.

Internal Control Policies and Procedures

In its review of our internal control system, our internal control consultant has identified certain areas in our internal control policies and procedures that require improvements. While most of the issues have been resolved or are considered to be non-material, the Company is taking certain measures to improve its fixed asset inventory management.

According to our internal standards, it is recommended that each hotel conducts an annual review and assessment of its fixed asset inventory. All of the Hotels, save for Grand Hyatt Shanghai and The Ritz-Carlton, Sanya, have implemented a computerised inventory management system. While Grand Hyatt Shanghai and The Ritz-Carlton, Sanya are currently making efforts to improve their inventory management through implementing a computerised inventory management system, their past practices have not affected the accuracy of our financial reporting.

On-going Measures to Implement the Risk Management and Internal Control Policies

In order to ensure the rigorous implementation of our risk management and internal control policies, we have also adopted various on-going measures as set out below:

- we provided training to the Directors, senior management and key risk management functional staff in respect of our risk management policies and expect to provide continuous training when deemed necessary;

- our legal and audit department will assess and monitor the implementation of our risk management policies by the relevant departments and project companies through regular audits and inspections and report the results to our management team;

- we have included risk management performance into our overall performance review system to incentivise the proper implementation of our risk management policies;

- we provide continuous pre-commencement and on-the-job risk management training to our employees;

- we have retained external PRC legal advisers to review and advise on our regulatory compliance in respect of all relevant PRC laws and regulations, including changes to such laws and regulations, which may affect our business operations in the PRC;

- we have retained First Shanghai Capital Limited as our compliance adviser to advise the Directors and management team on matters relating to the Listing Rules following the Listing;

- we maintain an internal control management system aimed at continuously enhancing our internal control functions;
- we have enhanced our internal control procedures relating to non-compliance and other policies with regard to reporting non-compliance issues; and
- we have established a system to enhance accountability among our employees with regard to internal and legal compliance.

In order to prevent the re-occurrence of non-compliance incidents in the future and further strengthen our internal control system, we have taken the following additional measures, which were adopted in March 2014, to improve our corporate governance and internal control:

Matters of non-compliance	Internal control measures
Environmental matters	Our internal policy has been revised such that our safety committee shall consult our legal division or external counsel with regard to the relevant environmental regulations. Prior to the commencement of a hotel's operation, our safety committee shall work with these parties to identify all relevant permits, certificates and approvals that need to be obtained and any other requirements that need to be fulfilled in order to comply with the relevant environmental regulations. Our safety committee shall also maintain a compliance list for on-going monitoring purposes. If necessary, our legal division may seek external legal advice for proper legal compliance purposes. Our safety committee shall communicate regularly with our legal division to ensure that all of our operations are carried out in accordance with the applicable PRC laws and regulations. We plan to establish a regular inspection program to monitor the status of compliance with the relevant environmental regulations, with inspection results being reported to senior management. Any potential non-compliance matters should be brought before senior management or the Directors and the legal counsel of the Group in a timely manner.
Land matters	Prior to acquiring a hotel in the future, our safety committee shall consult our legal division or external legal counsel as to the relevant government regulations, and shall work with these parties to prepare a list setting out all permits, certificates and approvals required for the target hotel. Furthermore, our safety committee shall coordinate with the designated person of our investments department of the relevant entities to ensure that the above permits, certificates and approvals required for the target hotel have been obtained prior to the proposed acquisition. Our safety committee will also establish and maintain a register for monitoring the expiry of permits and certificates and renewing the same before their expiration. In addition, we shall require a seller to rectify defective titles if identified within a designated time period or to otherwise provide adequate remedy. If no such action can be taken, we shall obtain legal advice regarding the possible impact on the Group (including but not limited to potential penalties), reconsider the proposed acquisition and take such actions which we reasonably believe to be in the best interests of the Holders of Share Stapled Units.

Matters of non-compliance	Internal control measures
	Furthermore, should property defects be identified or should an employee become aware of the possibility of a potential property defect, they shall notify the relevant department at each of the Properties. Where necessary, they may also seek legal and/or technical advice from external professional consultants. Each of the Properties shall conduct ongoing compliance assessments in respect of the applicable PRC laws at reasonable intervals. The above mentioned procedures have been incorporated into our internal policies for strict compliance by the responsible personnel.
Registration of leases	Our internal policy has been revised such that our office leasing department shall be responsible for supervising the registration of leases. The standard template of our lease contract has also been updated to include specific provisions in connection with the responsibilities of both the landlord and the tenants with regard to lease registration and the rights of the Group if any penalties arise from the failure to register caused by the tenants. Our internal audit department shall conduct regularly scheduled checks to confirm that leases have been or are in the process of being registered. Further, our office leasing department will liaise with all landlords and tenants to ensure registration.
Civil Air Defence Matters	Our engineering department will establish and maintain a register for the monitoring of the legal compliance of the civil air defence properties. Furthermore, should property defects be identified or should an employee become aware of the possibility of a potential property defect, they shall notify the relevant department at each of the relevant Hotels. Where necessary, they may also seek legal and/or technical advice from external professional consultants. Each of the relevant Hotels shall conduct ongoing compliance assessments in respect of the civil air defence properties and the applicable PRC laws at reasonable intervals and shall ensure that the design, construction and quality of the civil air defence properties conform to the protection and quality standards established by the PRC Government. The above-mentioned procedures have been incorporated into our internal policy for strict compliance by the responsible personnel.

We engaged an independent internal control consultant, Protiviti Hong Kong Co. Limited ("**Protiviti**"), in January 2014 to review the effectiveness of our internal controls associated with the major business processes of the Group, identify deficiencies and improvement opportunities, furnish recommendations on remedial actions and review the implementation status of these remedial actions. Protiviti is engaged in providing risk management, internal control and corporate governance advisory services to listed companies and listing candidates in Hong Kong.

The above remedial actions are consistent with those recommended by Protiviti. Based on the findings, recommendations and work performed by Protiviti, the Directors consider such remedial actions to be adequate and effective and fit for our current operating environment.

After considering the above remedial actions taken by the Group and the nature and scale of our business, the Directors are satisfied that our internal control system is adequate and effective for our current operating environment and are of the view that the non-compliance incidents do not have any material impact on the suitability of the Directors under Rules 3.08 and 3.09 of the Listing Rules or our suitability for listing under Rule 8.04 of the Listing Rules.

Having considered the above remedial actions taken by us and the nature and scale of our business, the Joint Sponsors concur with the Directors' view that the non-compliance incidents do not have any material impact on the suitability of the Directors under Rules 3.08 and 3.09 of the Listing Rules or our suitability for listing under Rule 8.04 of the Listing Rules.

The following discussion and analysis should be read in conjunction with the Accountants' Report (together with the accompanying notes) set out in "Appendix I — Accountants' Report" and the unaudited pro forma financial information set out in "Appendix II — Unaudited Pro Forma Financial Information". The combined financial information as set out in the Accountants' Report incorporates the financial statements of the Trust Group during the Track Record Period.

The Reorganisation has been undertaken in preparation for the Global Offering. The Company became the holding company of all the companies now comprising the Group subsequent to the end of the Track Record Period. The companies now comprising the Group were under the common control of Franshion before and after the Reorganisation. The combined financial information of the Group has been prepared by accounting for the Reorganisation on the basis of merger accounting for a common control combination as if the current structure of the Group had been in existence since 1 January 2011, or since the respective dates when the companies now comprising the Group first came under the common control of Franshion, whichever is later.

The combined financial information is reported in Hong Kong dollars and was prepared and presented in accordance with HKFRS, which may differ in certain material respects from generally accepted accounting principles in other jurisdictions. Pursuant to HKFRS, the combined financial information of the Group has been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. You should not place undue reliance on any such statements. Our actual future results could differ materially from those discussed in the forward-looking statements as a result of various factors, including those set out in "Risk Factors" and "Forward-Looking Statements".

Unless the context otherwise requires, references to "FY2011", "FY2012" and "FY2013" are to the financial years ended 31 December 2011, 2012 and 2013, respectively, and references to "2014" are to the financial year ending 31 December 2014.

OVERVIEW

Jinmao Investments is a fixed single investment trust in Hong Kong with an initial focus on the hospitality industry in the PRC. Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, with the hotels under development expected to commence operations within one year of the date of investment. The Group also owns Jin Mao Tower, a mixed-use development.

The initial property portfolio of the Group at the time of Listing will comprise the following properties, all of which are located in the PRC:

Completed Properties

- Jin Mao Tower, comprising Grand Hyatt Shanghai and office, retail and tourist areas
- The Westin Beijing Chaoyang
- JW Marriott Hotel Shenzhen
- The Ritz-Carlton, Sanya
- Hilton Sanya Resort and Spa
- Hyatt Regency Chongming, which opened in March 2014

Hotels Under Development

- Renaissance Beijing Wangfujing Hotel
- Grand Hyatt Lijiang

During the Track Record Period, our revenue was primarily generated from hotel operations and rental of commercial space, including office and retail areas. Our revenue also included income from operating the observation deck in Jin Mao Tower and providing property management services. For FY2011, FY2012 and FY2013, our revenue was HK$2,685.8 million, HK$2,649.1 million and HK$2,634.2 million, respectively, and our gross profit amounted to HK$1,577.6 million, HK$1,576.2 million and HK$1,527.2 million, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and will continue to be, directly and indirectly affected by a number of factors, including those set forth below.

General Factors Affecting Our Results of Operations

General Economic Conditions, Regulatory Environment and Customer Demand

Our business, results of operations and financial condition are significantly affected by global and PRC economic conditions, the regulatory environment affecting the hospitality industry in the PRC and customer demand in the cities where we operate, including Beijing, Shanghai, Shenzhen, Sanya and Lijiang. Demand for the hotel rooms and other facilities and services of the Group is sensitive to fluctuations in business and personal discretionary spending levels and is closely linked to the performance of the general economy, PRC government policies and the development of business and tourism activities in the cities where we operate. As economic development has continued in the PRC, the number of domestic leisure and business travellers has increased in recent years. According to DTZ, the independent market research consultant, the number of domestic travellers in the PRC increased at a CAGR of 12.9% from FY2007 to FY2012. The PRC's export-oriented economy and its integration into the global economy have continued to attract foreign visitors to the PRC. In addition, PRC government policies and initiatives that aim at stimulating domestic consumption and improving infrastructure also have a positive effect on the increase of travel spending and tourism in the PRC. While the hospitality industry in the PRC has experienced significant growth in recent years, its performance has been affected by, and will continue to be subject to, general economic conditions and changes in the regulatory environment in the PRC. Growth of international travel and tourism to the PRC has been impacted by the European sovereign debt crisis since 2011. In 2013, domestic business travel and tourism activities in the PRC, particularly in Beijing and Shanghai, were impacted by the PRC government austerity measures, including the eight-point guideline for the conduct of political officials issued in December 2012. In the near term, economic downturns such as the European sovereign debt crisis and the perceived slowdown in the PRC economy may result in a reduction in business activities and the general level of disposable income in the PRC, which could, in turn, result in reduced demand for hotel rooms and services and downward pressure on hotel room rates, as well as catering and restaurant pricing. From time to time, the PRC Government adjusts or introduces policies to control development of the hospitality industry in the PRC, through regulating, among other things, hotel prices and travel expenses and activities of government entities and state-owned enterprises. Any action by the PRC Government concerning the economy, or the hospitality industry in particular, could also have a significant effect on our financial condition and results of operations.

Competition and Supply of Hotels

The hospitality industry in the PRC is highly competitive. We compete primarily with other hotel operators, particularly those that offer rooms and banqueting and meeting facilities of a similar quality at similar prices. Key competitive factors in the hospitality industry include location, brand, room rates, banqueting and meeting facility rates and the range and quality of services and facilities. In addition, the Hotels are likely to face competition in recruiting and retaining staff due to the high demand in the hospitality sector, as well as potential competition from the entry of new hotels into the market. See "*Business — Competition*" for more details. Hotel market performance generally is measured by average room rate and occupancy rate. Hotel industry fundamentals vary by region and are subject to market conditions and changes in the local competitive landscape. For example, high-quality 5-star hotels in Shanghai experienced intensified competition in 2013 due to the impact of weak demand for hotels and the PRC government austerity measures on the local high-end hotel market. As a result, the average room rates and occupancy rates of the 5-star hotels in Shanghai, including Grand Hyatt Shanghai, generally decreased in 2013.

An increased supply of hotels in the regions where we operate could further intensify the competition. Any excess in supply of hotels could adversely affect our room revenue and results of hotel operations. For example, occupancy rates of the 5-star hotels in Sanya generally experienced positive growth from 2009 to 2011, along with the growth of demand for hotel room nights in the local market, which exceeded the growth in the number of available room nights. In 2012, the additional supply of five newly opened luxury hotels in Sanya intensified the competition for customers among the local high-end hotels and had an adverse impact on the occupancy rates of our two hotels in Sanya. In addition, a number of luxury hotels will open in Beijing and Shanghai in the future, and the growth rate of the average hotel room rate in both cities may slow down. According to DTZ, an independent market consultant, the respective hotel market average daily room rates in Shanghai and Beijing are expected to grow at a CAGR of 2% to 5% in the next five years. For more details regarding the market overview and historical performance of the selected comparable hotels in the regions where we operate, see "*Appendix V — DTZ Market Report*".

The food and beverage industry in the PRC is also highly competitive. The Hotels' restaurants face competition from a variety of restaurants. Key competitive factors in the industry include menu range, food quality and consistency, quality of service, price, restaurant location and atmosphere. In addition, we compete with other property companies and owners in Shanghai to attract and retain office and retail tenants. Our results of operations are affected by changes in competitive conditions, and depend on our ability to compete under these conditions.

Specific Factors Affecting Our Results of Operations

While our business is affected by factors relating to general economic conditions and the hospitality industry in the PRC, we believe that our results of operations are also affected by specific factors relating to our business, including the following factors.

The Number of Hotels and Hotel Rooms in Our Hotel Network

Our revenue from hotel operations largely depends on the size of our hotel network and our ability to attract guests to stay in our hotels. Whether we can successfully increase the number of hotels and hotel rooms in our hotel network depends on our ability to effectively identify, develop and acquire additional hotel properties at desirable locations on commercially favorable terms and having the funding available to make the necessary capital investments to open new hotels. As at the Latest Practicable Date, we had two hotels under development, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang, both of which are expected to commence operations by the end of 2014. See *"Business — Description of Each Property — Hotels Under Development"* for further details regarding the Hotels Under Development.

Supported by the Hotel Arrangements following the Listing, we are well-positioned to seek hotel acquisition opportunities. The hotels that the Group may acquire pursuant to the Hotel Arrangements include (i) Westin Nanjing, which is part of Phase I of the Nanjing International Center Project, (ii) the hotel portion of the Meixi Lake International Plaza Project and (iii) the hotel portion of Phase II of the Nanjing International Center Project. The Group expects to fund any such acquisitions it chooses to purchase through the issue of additional Share Stapled Units and/or by increasing its borrowings. The acquisition of any identified pipeline hotel or hotels under the Hotel Arrangements or any other hotel acquired from third parties could have a material effect on our business, results of operations and financial condition. The acquisition of one or more of these hotels could result in significant increases in revenue and operating expenses, which would affect the Group Distributable Income and the Trust Distributable Income. The impact on the Group's financial information will also depend on whether the acquisition is funded by cash from operations, debt, equity or a combination of the above. The use of debt would increase financing costs while the use of equity or equity-linked securities could result in dilution to existing Holders of Share Stapled Units. See *"Business — Acquisition Opportunities"* for further details regarding the hotels in the pipeline.

Relatively Fixed Nature of Certain of Our Operating Expenses

A significant portion of our operating expenses associated with managing, owning and operating the Hotels is relatively fixed. These expenses include maintenance, insurance, utilities and depreciation and amortisation. While an increase in our revenue achieved through higher RevPAR generally will result in higher profitability, a decrease in our revenue could result in a disproportionately larger decrease in our profits as these operating costs and expenses are unlikely to decrease proportionately on a timely basis or at all. The effectiveness of any cost-saving efforts is similarly limited by the fixed-cost nature of certain of the hotel operating costs. In addition, certain of our operating expenses, including employee benefit compensation, may increase due to external factors such as inflation and regulatory requirements, even though the number of employees we need to operate each Hotel is also relatively stable. We and the Hotel Managers seek to maintain our cost structure at levels appropriate for the degree of demand and to be responsive to market conditions without jeopardizing the overall customer experience and the value of the Hotels or brands.

Sales Distribution Channels

Our revenue from hotel rooms is generated from reservations made through various sales distribution channels, including local and worldwide reservation centres, online travel agents, a global distribution centre and hotel websites. Based on seasonal or promotional considerations, standard rates, promotional rates or discounts are applied to reservations made by individual customers directly, either online or by telephone, to our reservation centers. Reservations through travel agents and MICE organisers or by corporate customers are typically booked at the respective contracted rates. Although the fixed contracted rates are generally lower than the retail rates, such fixed contracts provide the Hotels with stable revenue and contribute to weekday occupancy levels, while also increasing usage of the Hotels' amenities, restaurants and facilities. See *"Business — Sales and Marketing — Sales Distribution Channels"* for further details regarding the different types of sales distribution channels.

Revenue Mix

We derive our revenue primarily from hotel operations and our commercial property leasing business. For FY2011, FY2012 and FY2013, hotel operations accounted for 79.4%, 75.9% and 74.5%, respectively, of our total revenue. The mix of revenue derived from hotel rooms compared to our food and beverage business affects the results of hotel operations. The food and beverage business includes non-room revenue derived from other facilities and services, including restaurants, conferences and meeting spaces. Room revenue generally results in higher profit margins as the hotel room business has proportionally lower direct costs of sales, compared to our food and beverage business. Within the food and beverage business, events, conference and banquet services have more of an impact on the profit of the Hotels due to the proportionally lower cost of sales and services associated with event-related services compared to restaurants and bars. During the Track Record Period, the respective proportions of room revenue and food and beverage revenue to our total revenue from hotel operations remained largely stable. For FY2011, FY2012 and FY2013, room revenue (before business tax and surcharges) accounted for 61.2%, 61.2% and 61.1%, respectively, of the gross revenue of the hotel operations segment (before business tax and surcharges), and revenue from the food and beverage business (before business tax and surcharges) accounted for 35.1%, 35.3% and 35.2%, respectively, of the gross revenue of the hotel operations segment (before business tax and surcharges). Our revenue from hotel operations also included a small portion of income derived from laundry, telephone charges, spa or other services, which accounted for 3.7%, 3.5% and 3.7% of the gross revenue of the hotel operations segment (before business tax and surcharges) for FY2011, FY2012 and FY2013, respectively.

Gross rental income from property leasing accounted for 15.6%, 18.5% and 19.7% of our total revenue for FY2011, FY2012 and FY2013, respectively. During the Track Record Period, property leasing had higher gross profit margins as compared to our hotel operations. Rental income and gross profit margin of property leasing are affected by various factors, including rental rates for the leased properties, occupancy and renewal rates, and general macro-economic and supply/demand trends affecting the real estate market, in particular, the retail and office property sectors in Shanghai. Rental rates, occupancy and lease renewal rates are subject to, among other things, the rental rates, performance and supply of competing properties, tenant retention, the ability to minimise downtime arising from lease expiries or early termination and market conditions.

During the Track Record Period, we also generated revenue from ancillary businesses, including operating the observation deck located on the 88th floor of Jin Mao Tower and providing property management services, which accounted for 5.0%, 5.6% and 5.8% of our total revenue for FY2011, FY2012 and FY2013, respectively.

Fair Value of Investment Properties

Our investment properties primarily include office and retail areas held for rental income and long-term capital appreciation. Investment properties are accounted for in our financial statements at fair value, and the carrying amount is adjusted at each balance sheet date for changes in fair value. The fair value of our investment properties amounted to HK$7,354.3 million, HK$7,821.0 million and HK$8,934.7 million as at 31 December 2011, 2012 and 2013, respectively. The fair value of our investment properties may have been higher or lower had the valuer used a different set of bases or assumptions, or had the valuation been conducted by other qualified independent professional valuers using a different set of bases and assumptions. For example, under the Hong Kong Institute of Surveyors 2012 valuation standard, market rent is defined as the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion. The market rent calculated by the independent professional property valuer of the Group during the Track Record Period was based on this definition. While the independent professional valuer typically takes into account the historical rent levels of a property, the market rent may not necessarily equate to the historical average effective rental rate of that property as the market rent and the historical average effective rental rate are two distinct indicators and thus are calculated differently. In addition, upward revaluation adjustments reflect unrealised capital gains on our investment properties as at the relevant balance sheet dates and do not generate any cash inflow for our operations or the Group Distributable Income. For FY2011, FY2012 and FY2013, we had fair value gains on investment properties of HK$157.0 million, HK$460.5 million and HK$843.1 million, respectively, accounting for 30.8%, 58.0% and 61.6% of our profit before tax for the same periods, respectively. For FY2011, FY2012 and FY2013, our profit before tax excluding fair value gains on investment properties was HK$352.9 million, HK$334.0 million and

HK$524.5 million, respectively. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. If similar levels of fair value gains cannot be sustained in the future, our results of operations could be adversely impacted. See *"— Sensitivity Analyses"*.

KEY OPERATING PERFORMANCE INDICATORS

Certain key operating performance indicators are used for evaluation of the performance of our principal hotel business and results of operations. These performance indicators allow our business to be responsive to changing customer demands and market conditions.

As used in evaluating the performance of our business and results of operations during the Track Record Period, the operating performance indicators as set forth below do not include (i) Renaissance Beijing Wangfujing Hotel, which has not been operating since November 2011 due to its overall renovation and redevelopment (it therefore did not have an material effect on our results of operations during the Track Record Period), and (ii) Hyatt Regency Chongming, which opened in March 2014.

Average Room Rates

We set the room rates of our hotels primarily based on the location of a hotel, room rates charged by our competitors within the same locality, room rates used in different sales distribution channels and our relative brand strength in the city or city cluster.

The following table sets out the average room rates for the Hotels during the Track Record Period:

	Year ended 31 December		
Hotel	**2011**	**2012**	**2013**
	(HK$)	**(HK$)**	**(HK$)**
Grand Hyatt Shanghai	2,135	2,060	2,053
The Westin Beijing Chaoyang	1,636	1,893	1,709
JW Marriott Hotel Shenzhen	1,161	1,260	1,301
The Ritz-Carlton, Sanya	3,354	3,788	3,471
Hilton Sanya Resort and Spa	2,435	2,282	2,085
Weighted average for all Hotels(1)	**2,142**	**2,210**	**2,104**

Note:

(1) Weighted average by number of rooms across all five Hotels.

Average room rate is calculated as room revenue, divided by the total number of rooms sold in a given period. Average room rates measure average room prices attained by a hotel and average room rate trends provide useful information concerning the pricing environment and the nature of the customer base of a hotel. The actual room rate charged to guests depends on various factors, including, but not limited to, the date on which the reservation is made, the date of the stay and the distribution channel through which the reservation is made.

Average room rate, or average daily rate, is a commonly used performance measure in the industry, and we use average room rate to assess pricing levels that we are able to generate by type of customer.

Occupancy Rates

Occupancy rates of our hotels mainly depend on the locations of our hotels, product and service offering, the effectiveness of our sales and brand promotion efforts, our ability to effectively manage hotel reservations, the performance of managerial and other employees of our hotels, as well as our ability to respond to competitive pressure.

The following table sets out the occupancy rates of the Hotels during the Track Record Period:

	Year ended 31 December		
Hotel	**2011**	**2012**	**2013**
	(%)	**(%)**	**(%)**
Grand Hyatt Shanghai	59.0	60.0	58.6
The Westin Beijing Chaoyang	78.6	76.5	71.7
JW Marriott Hotel Shenzhen	74.3	71.5	75.0
The Ritz-Carlton, Sanya	77.4	62.1	69.1
Hilton Sanya Resort and Spa	67.5	59.2	65.8
Weighted average for all Hotels[1]	**71.0**	**65.8**	**67.6**

Note:

(1) Weighted average by number of room nights across all five Hotels.

Occupancy rate is calculated as the aggregate number of room nights sold as a percentage of the total number of room nights available for sale during the relevant period, which may not directly reflect the total rooms in inventory due to renovations or other considerations. Occupancy levels help us and the Hotel Managers determine achievable average room rate levels as demand for hotel rooms increases or decreases.

Revenue per Available Room (RevPAR)

By bringing occupancy level and average room rate together, RevPAR is a commonly used operating measure in the hospitality industry.

The following table sets out RevPAR for the Hotels for the Track Record Period:

	Year ended 31 December		
Hotel	**2011**	**2012**	**2013**
	(HK$)	**(HK$)**	**(HK$)**
Grand Hyatt Shanghai	1,261	1,236	1,203
The Westin Beijing Chaoyang	1,285	1,449	1,225
JW Marriott Hotel Shenzhen	862	901	975
The Ritz-Carlton, Sanya	2,597	2,353	2,398
Hilton Sanya Resort and Spa	1,643	1,351	1,372
Weighted average for all Hotels[1]	**1,521**	**1,455**	**1,423**

Note:

(1) Weighted average by number of room nights across all five Hotels.

RevPAR is calculated as the total room revenue divided by the total number of room nights available for sale during the relevant period, which may not directly reflect the total rooms in inventory due to renovations or other considerations. RevPAR does not include non-room revenues, which consist of revenues from the food and beverage business and ancillary services generated by a Hotel. We consider RevPAR to be a meaningful indicator of our performance as it provides a metric correlated to two primary and key drivers of hotel operations: occupancy and average room rate. Our management and the Hotel Managers use RevPAR to identify trend information with respect to room revenues from comparable properties and to evaluate performance over comparable periods for comparable hotels.

BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of all the companies now comprising the Group subsequent to the end of the Track Record Period. The companies now comprising the Group were under the common control of Franshion before and after the Reorganisation. Accordingly, the combined financial information has been prepared under the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Track Record Period.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group during the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the relevant businesses first came under the common control of Franshion, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities using the existing book values from Franshion's perspective. No adjustments have been made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following significant accounting policies, which are important to our financial position and results of operations, require significant judgment and estimates on the part of our management, often as a result of the need to make estimates of matters that are inherently uncertain. In addition, we discuss our revenue recognition policy below because of its significance, even though it does not involve significant estimates or judgments. We also have other policies that we consider to be key accounting policies, which are set out in detail in Notes 3 and 4 to the Accountants' Report in *"Appendix I — Accountants' Report"*.

Revenue Recognition

Revenue comprises income from hotel operations, property management and related services rendered (net of business tax), and gross rental income from investment properties (net of business tax) during the Track Record Period.

Revenue is recognised when it is probable that economic benefits will flow to the Group and when the revenue can be measured reliably.

Income from hotel and other services, and from the rendering of property management services, is recognised in the period in which such services are rendered.

Rental income is recognised proportionally over the term of the relevant lease. Contingent rental income is recognised when it arises, and premiums received to terminate leases are recognised in the statement of profit or loss when they arise.

Interest income is recognised on an accrual basis using the effective interest method, by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the right to receive payment is established.

Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises the purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Expenditure incurred after items of property, plant and equipment have been put into operations, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

The assessment of residual value and useful life of property, plant and equipment requires the use of our management's judgment and estimates. Our management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life for impairment consideration. Estimates and judgments are applied in determining these future cash flows and the discount rate. Management estimates the future cash flows based on certain assumptions, such as market competition and development and the expected growth in business.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each year during the Track Record Period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, we account for such property in accordance with the policy stated under *"Property, plant and equipment and depreciation"* in Note 3 to the Accountants' Report in *"Appendix I — Accountants' Report"* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to assets revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Fair value of the investment properties requires management to make judgments, estimates and assumptions. In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including: (i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; (ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and (iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and, when possible, by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows. For further details of the key assumptions used for fair value measurement, see Note 15 to the Accountants' Report in *"Appendix I — Accountants' Report"*.

DESCRIPTION OF SELECTED COMPONENTS OF COMBINED STATEMENTS OF PROFIT OR LOSS

Revenue

We have historically derived our revenue primarily from hotel operations and rental of commercial properties.

Revenue from hotel operations is generated from hotel rooms, food and beverage business and ancillary services. Revenue from ancillary services primarily include revenue other than room revenue and revenue from the food and beverage business, such as revenue from laundry, telephone charges, spa, hotel car services or other services.

We derive revenue from members of the loyalty programmes when they redeem rewards by receiving reimbursements from the Hotel Managers. For further information, see "*Business — Sales and Marketing — Loyalty Programmes*". We recognise revenue from redeemed rewards through the loyalty programmes upon provision of services and record the corresponding reimbursements receivable from the Hotel Managers. We also incur expenses in connection with redeemed rewards through the loyalty programmes by paying the Hotel Managers a percentage of total spendings by the members of the loyalty programmes in the respective Hotels, which are recorded as selling and marketing expenses. We have recorded insignificant amounts of revenue and associated costs and expenses attributable to reward redemption through the Hotel Managers' loyalty programmes, which do not have any material effect on our results of operations and financial condition.

Gross rental income is mainly generated from leasing office and retail areas in Jin Mao Tower in Shanghai and from leasing retail areas in The Ritz-Carlton, Sanya.

In addition, to a lesser extent, our revenue also includes income from our other ancillary businesses, including operating the observation deck in Jin Mao Tower and providing property management services.

The following table sets out a breakdown of our revenue for the Track Record Period:

	Year ended 31 December		
	2011	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Hotel operations	2,133,826	2,010,179	1,961,665
Gross rental income	417,811	490,825	519,221
Others[(1)]	134,158	148,063	153,275
Total	**2,685,795**	**2,649,067**	**2,634,161**

Note:

(1) Represents income from operating the observation deck in Jin Mao Tower and providing property management services.

Cost of Sales

Cost of sales primarily comprises cost of raw materials and consumables used, employee benefit expenses, utilities and electricity, hotel management fee, repair and maintenance, office expenses, indirect taxes, furniture, fixture and equipment reserve and depreciation and amortisation.

The following table sets out a breakdown of the cost of sales for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Raw materials and consumables used	311,108	269,411	258,151
Employee benefit expenses	342,520	343,258	370,113
Utilities and electricity	172,171	164,690	170,832
Hotel management fee	109,836	104,430	96,668
Repair and maintenance	48,801	49,675	52,513
Office expenses	39,421	50,670	65,500
Indirect taxes	27,700	28,880	29,402
Furniture, fixture and equipment reserve	11,287	10,303	13,252
Depreciation and amortisation	1,788	1,943	1,763
Others[1]	43,554	49,567	48,775
Total	**1,108,186**	**1,072,827**	**1,106,969**

Note:

(1) Includes cost of ancillary services in connection with hotel operations, insurance expenses, commissions to travel agents in connection with successful hotel reservation and other hotel operating expenses.

Gross Profit

Gross profit represents revenue less cost of sales. For FY2011, FY2012 and FY2013, our gross profit was HK$1,577.6 million, HK$1,576.2 million and HK$1,527.2 million, respectively, and our gross profit margin was 58.7%, 59.5% and 58.0%, respectively.

Other Income and Gains

Other income primarily includes bank interest income and interest income from amounts due from fellow subsidiaries arising from entrusted loans extended to fellow subsidiaries of Franshion.

In 2012, we also had an insignificant amount of other investment income from our investment in a wealth management product. In March 2012, we purchased a short-term wealth management product issued by a major bank in the PRC with a principal amount of

RMB350.0 million, which had a term of 47 days. Under the terms of the underlying investment agreement and undertakings by the issuing bank, we were entitled to the principal amount of this wealth management product and an annualised return of 5.0% at maturity, both of which were guaranteed by the issuing bank. The investment in this wealth management product was made after considering, among other things, the credit position of the issuing bank and guaranteed return of principal amount and future yield. We received full settlement from the bank in the amount of RMB352.3 million, representing the principal amount together with an annualized return of 5.0%. We did not have income from investment in wealth management products in 2011 and 2013. We had no existing investment in any wealth management product as at the Latest Practicable Date, and do not expect to make any significant investment in any wealth management products in the foreseeable future.

Other gains primarily include net gains on foreign exchange differences, government grants, gains from advance payments forfeited by tenants of our commercial properties and hotel clients and gains on disposal of property, plant and equipment.

The following table sets out a breakdown of our other income and gains for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Other income			
Bank interest income	28,062	30,230	24,151
Other interest income	99,293	30,968	29,258
Other investment income	—	2,771	—
Subtotal	127,355	63,969	53,409
Gains			
Foreign exchange difference, net	18,197	786	11,039
Government grants	1,643	12,459	10,118
Others(1)	12,283	6,652	6,272
Subtotal	32,123	19,897	27,429
Total	**159,478**	**83,866**	**80,838**

Note:

(1) Includes forfeited advance payments by tenants and hotel customers and gains on disposal of property, plant and equipment.

Fair Value Gains on Investment Properties

We hold office and retail areas in Jin Mao Tower for rental income and long-term capital appreciation. Changes in fair values of investment properties are recognised in the combined statements of profit or loss in the year such changes arise. The fair values of our investment properties as at 31 December 2011, 2012 and 2013 were determined by an independent property valuer. For FY2011, FY2012 and FY2013, our fair value gains on investment properties were HK$157.0 million, HK$460.5 million and HK$843.1 million, respectively. The amounts of revaluation adjustments have been, and may continue to be, significantly affected by the prevailing property markets. See *"— Critical Accounting Policies and Estimates — Fair Value of Investment Properties*".

Selling and Marketing Expenses

Selling and marketing expenses primarily consist of advertising and marketing expenses, staff costs attributable to our sales and marketing employees, agency commission fees for selling and marketing activities and travelling, communication and office expenses.

The following table sets out a breakdown of our selling and marketing expenses for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Advertising and marketing expenses	68,231	69,741	62,804
Staff costs	53,734	52,456	54,540
Agency commission fees[1]	11,642	8,996	9,553
Travelling, communication and office expenses	14,928	15,767	14,780
Others[2]	11,668	12,456	17,116
Total	**160,203**	**159,416**	**158,793**

Notes:

(1) Includes primarily commissions paid to real estate agents for commercial leasing business.

(2) Includes depreciation and amortisation, rental expenses, utilities, maintenance fees and material consumption costs incurred in connection with selling and marketing activities.

Administrative Expenses

Administrative expenses primarily consist of depreciation and amortisation, staff costs, urban real estate and other taxes, recognition of prepaid land lease payments in connection with land acquisition activities, bank charges, office expenses, telephone and utility expenses, property management fees and legal and professional fees.

The following table sets out a breakdown of our administrative expenses by category for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Depreciation and amortisation	217,981	221,034	214,906
Staff costs	146,069	159,805	134,530
Taxes	59,229	82,940	85,197
Recognition of prepaid land lease payments	48,329	49,283	54,466
Bank charges	23,609	26,223	25,672
Telephone and utility expenses	15,312	15,672	13,491
Office expenses	15,732	17,787	16,513
Property management fees	13,727	3,431	3,513
Legal and professional fees	11,838	12,355	5,879
Others[1]	47,706	28,952	36,831
Total	**599,532**	**617,482**	**590,998**

Note:

(1) Includes insurance expenses, maintenance fees and material consumption costs.

Other Expenses and Losses

Other expenses and losses primarily consist of loss on disposal of property, plant and equipment, provision for impairment of property, plant and equipment, provision for impairment of inventories and provision for impairment of trade receivables.

The following table sets out a breakdown of our other expenses and losses for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Loss on disposal of property, plant and equipment	1,478	15,106	323
Impairment of property, plant and equipment	123,549	—	2,108
Impairment of inventories	287	—	—
Impairment of trade receivables	990	319	(218)
Total	**126,304**	**15,425**	**2,213**

Finance Costs

Finance costs primarily consist of interest expense incurred on bank loans, a debenture which was fully repaid in 2012, amounts due to a fellow subsidiary and amounts due to related parties. Amounts due to a fellow subsidiary represent loans from Sinochem Group Finance Co., Ltd. ("**Sinochem Finance**"), a subsidiary of the Sinochem Group. Approved by the PBOC, Sinochem Finance is a financial institution engaged in commercial deposit and lending business in China. Interest on amounts due to related parties was attributable to interest expenses incurred on entrusted loans (for which banks act as agents for lenders) to the Group as part of inter-group funding arrangements.

The following table sets out the analysis of finance costs for the Track Record Period:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Interest on bank loans and debenture wholly repayable within five years	317,746	367,797	211,892
Interest on bank loans wholly repayable beyond five years	95,293	59,528	87,225
Interest on an amount due to a fellow subsidiary	—	2,105	14,924
Interest on amounts due to related parties	88,736	109,867	24,113
Total interest expense	501,775	539,297	338,154
Less: interest capitalised	—	(3,056)	(4,331)
	501,775	**536,241**	**333,823**

Share of Profits of Joint Ventures

Share of profits of joint ventures represents the Group's 50% share of profit of Jin Jiang Automobile and Jin Mao Auto Hire, both of which are considered material joint ventures of the Group. Jin Jiang Automobile and Jin Mao Auto Hire provide taxi and car chauffeur services to the guests and tenants of the Properties as well as third parties. For FY2011, FY2012 and FY2013, the Group had a share of profits of joint ventures of HK$3.6 million, HK$2.5 million and HK$2.3 million, respectively. Also see Note 19 to the Accountants' Report set out in *"Appendix I — Accountants' Report"* for more details regarding the Group's investments in joint ventures.

Income Tax Expense

Income tax expense mainly consists of tax expenses incurred by the subsidiaries of the Group. As all of the assessable profits of the Group during the Track Record Period were derived from China, we did not make provision for Hong Kong profit tax during the Track Record Period.

Under the Enterprise Income Tax Law of the PRC (the "**EIT Law**") and the regulations of the EIT Law, the tax rate of subsidiaries in China has been 25% from 1 January 2008, which is applicable to all of the PRC subsidiaries during the Track Record Period, except for certain subsidiaries that enjoy preferential income tax rates as granted by the tax authorities.

In 2011, preferential corporate income tax rates were granted to certain of the Group's PRC subsidiaries which were established and located in the Shanghai Pudong New Area and the Hainan Special Economic Zone. These subsidiaries were subject to the respective preferential tax rates in accordance with the tax practices as approved by the tax authorities in 2011.

For FY2011, FY2012 and FY2013, our effective tax rates were 31.2%, 19.6% and 25.9%, respectively.

The Directors confirm that we duly paid all relevant taxes during the Track Record Period.

DISCUSSION OF RESULTS OF OPERATIONS

The following table sets out our results of operations for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Revenue	2,685,795	2,649,067	2,634,161
Cost of sales	(1,108,186)	(1,072,827)	(1,106,969)
Gross profit	**1,577,609**	**1,576,240**	**1,527,192**
Other income and gains	159,478	83,866	80,838
Fair value gains on investment properties	156,986	460,539	843,116
Selling and marketing expenses	(160,203)	(159,416)	(158,793)
Administrative expenses	(599,532)	(617,482)	(590,998)
Other expenses and losses	(126,304)	(15,425)	(2,213)
Finance costs	(501,775)	(536,241)	(333,823)
Share of profits of joint ventures	3,619	2,463	2,293
Profit before tax	**509,878**	**794,544**	**1,367,612**
Income tax expense	(159,224)	(156,037)	(354,218)
Profit for the year	**350,654**	**638,507**	**1,013,394**
EBITDA[1]	**1,104,725**	**1,093,144**	**1,068,169**

Note:

(1) EBITDA represents profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation and amortisation, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for foreign exchange differences, impairment (reversal) of trade receivables and gain or loss on disposal of items of property, plant and equipment. As a non-HKFRS accounting measure, EBITDA is included because the Group's management believes such information will be helpful for investors in assessing our operating performance. EBITDA is not a line item stated in the combined statements of profit or loss of the Group and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented herein may not be comparable to EBITDA or similarly titled measures presented by other companies.

Selected Results of Operations Data

Breakdown of Revenue by Segment

The following table sets out a breakdown of our revenue for the periods indicated:

	Year ended 31 December					
	2011	% of revenue	2012	% of revenue	2013	% of revenue
	(HK$'000)		(HK$'000)		(HK$'000)	
Hotel operations						
Room	1,383,123	51.5	1,301,373	49.1	1,269,172	48.2
Food and beverage	791,869	29.5	751,285	28.4	730,094	27.7
Other hotel operating income	83,881	3.1	75,263	2.8	77,300	2.9
Less: business tax and surcharges	(125,047)	(4.7)	(117,742)	(4.4)	(114,901)	(4.3)
Subtotal	2,133,826	79.4	2,010,179	75.9	1,961,665	74.5
Gross rental income	417,811	15.6	490,825	18.5	519,221	19.7
Others	134,158	5.0	148,063	5.6	153,275	5.8
Total	**2,685,795**	**100.0**	**2,649,067**	**100.0**	**2,634,161**	**100.0**

Breakdown of Revenue from Hotel Operations by Hotel

The following table sets out a breakdown of revenue from hotel operations by hotel for the periods indicated:

	Year ended 31 December					
	2011	% of total revenue from hotel operations	2012	% of total revenue from hotel operations	2013	% of total revenue from hotel operations
	(HK$'000)		(HK$'000)		(HK$'000)	
Grand Hyatt Shanghai						
Room	255,320	12.0	251,087	12.5	243,688	12.4
Food and beverage	332,014	15.6	324,147	16.1	307,019	15.7
Other hotel operating income[(1)]	11,332	0.5	9,836	0.5	10,109	0.5
Less: Business tax and surcharges	(33,851)	(1.6)	(32,935)	(1.6)	(31,685)	(1.6)
Subtotal	**564,815**	**26.5**	**552,135**	**27.5**	**529,131**	**27.0**
The Westin Beijing Chaoyang						
Room	257,865	12.1	291,713	14.5	245,983	12.5
Food and beverage	142,963	6.7	148,979	7.4	133,933	6.8
Other hotel operating income[(1)]	24,294	1.1	28,021	1.4	24,702	1.3
Less: Business tax and surcharges	(22,996)	(1.1)	(25,471)	(1.3)	(22,067)	(1.1)
Subtotal	**402,126**	**18.8**	**443,242**	**22.0**	**382,551**	**19.5**

	Year ended 31 December					
	2011	% of total revenue from hotel operations	2012	% of total revenue from hotel operations	2013	% of total revenue from hotel operations
	(HK$'000)		(HK$'000)		(HK$'000)	
JW Marriott Hotel Shenzhen						
Room	126,502	5.9	132,577	6.6	143,153	7.3
Food and beverage	76,388	3.6	75,372	3.7	80,142	4.1
Other hotel operating income(1)	6,324	0.3	6,002	0.3	9,050	0.5
Less: Business tax and surcharges	(11,767)	(0.5)	(12,022)	(0.6)	(12,816)	(0.7)
Subtotal	**197,447**	**9.3**	**201,929**	**10.0**	**219,529**	**11.2**
The Ritz-Carlton, Sanya						
Room	422,420	19.8	382,679	19.0	390,075	19.9
Food and beverage	143,887	6.7	126,835	6.3	128,036	6.5
Other hotel operating income(1)	24,882	1.2	19,148	1.0	22,708	1.2
Less: Business tax and surcharges	(32,262)	(1.5)	(28,926)	(1.4)	(29,640)	(1.5)
Subtotal	**558,927**	**26.2**	**499,736**	**24.9**	**511,179**	**26.1**
Hilton Sanya Resort and Spa						
Room	295,099	13.8	243,317	12.1	246,273	12.6
Food and beverage	89,283	4.2	75,952	3.8	80,964	4.1
Other hotel operating income(1)	13,160	0.6	12,047	0.6	10,731	0.5
Less: Business tax and surcharges	(21,945)	(1.0)	(18,323)	(0.9)	(18,693)	(1.0)
Subtotal	**375,597**	**17.6**	**312,993**	**15.6**	**319,275**	**16.2**
Renaissance Beijing Wangfujing Hotel(2)						
Room	25,917	1.2	—	—	—	—
Food and beverage	7,334	0.3	—	—	—	—
Other hotel operating income(1)	3,889	0.2	209	—	—	—
Less: Business tax and surcharges	(2,226)	(0.1)	(65)	—	—	—
Subtotal	**34,914**	**1.6**	**144**	**—**	**—**	**—**
Total Revenue from hotel operations	**2,133,826**	**100.0**	**2,010,179**	**100.0**	**1,961,665**	**100.0**

Notes:

(1) Includes revenue other than room revenue and revenue from the food and beverage business, such as revenue from laundry, telephone charges, spa and other services.

(2) Operations at Renaissance Beijing Wangfujing Hotel have been suspended for overall renovation and redevelopment of the hotel since November 2011. The insignificant amounts of other hotel operating income for 2012 were derived from car parking services at the hotel premises.

Selected Financial Data and EBITDA of the Hotels

The following table sets out selected financial data and EBITDA of the individual Hotels for the periods indicated:

	Year ended 31 December		
	2011	**2012**	**2013**
	(HK$'000 except for percentages)	**(HK$'000 except for percentages)**	**(HK$'000 except for percentages)**
Hotels:[(1)]			
Grand Hyatt Shanghai			
Total revenue	564,815	552,135	529,131
Cost of sales	(292,728)	(299,343)	(296,110)
Gross profit	**272,087**	**252,792**	**233,021**
Gross profit margin[(2)]	**48.2%**	**45.8%**	**44.0%**
EBITDA[(3)]	**164,810**	**146,194**	**123,442**
EBITDA margin[(4)]	**29.2%**	**26.5%**	**23.3%**
The Westin Beijing Chaoyang			
Total revenue	402,126	443,242	382,551
Cost of sales	(189,709)	(197,293)	(187,584)
Gross profit	**212,417**	**245,949**	**194,967**
Gross profit margin[(2)]	**52.8%**	**55.5%**	**51.0%**
EBITDA[(3)]	**134,475**	**163,798**	**109,725**
EBITDA margin[(4)]	**33.4%**	**37.0%**	**28.7%**
JW Marriott Hotel Shenzhen			
Total revenue	197,447	201,929	219,529
Cost of sales	(107,867)	(105,516)	(114,498)
Gross profit	**89,580**	**96,413**	**105,031**
Gross profit margin[(2)]	**45.4%**	**47.7%**	**47.8%**
EBITDA[(3)]	**73,147**	**58,474**	**59,987**
EBITDA margin[(4)]	**37.0%**	**29.0%**	**27.3%**
The Ritz-Carlton, Sanya			
Total revenue	558,927	499,736	511,179
Cost of sales	(222,707)	(207,210)	(223,006)
Gross profit	**336,220**	**292,526**	**288,173**
Gross profit margin[(2)]	**60.2%**	**58.5%**	**56.4%**
EBITDA[(3)]	**265,367**	**228,047**	**222,466**
EBITDA margin[(4)]	**47.5%**	**45.6%**	**43.5%**
Hilton Sanya Resort and Spa			
Total revenue	375,597	312,993	319,275
Cost of sales	(143,657)	(124,876)	(135,834)
Gross profit	**231,940**	**188,117**	**183,441**

	Year ended 31 December		
	2011	2012	2013
	(HK$'000 except for percentages)	(HK$'000 except for percentages)	(HK$'000 except for percentages)
Gross profit margin(2)	**61.8%**	**60.1%**	**57.5%**
EBITDA(3)	**175,087**	**144,465**	**133,685**
EBITDA margin(4)	**46.6%**	**46.2%**	**41.9%**

Notes:

(1) Does not include (a) Hyatt Regency Chongming and Grand Hyatt Lijiang, both of which were not opened for operation during the Track Record Period, and (b) Renaissance Beijing Wangfujing Hotel, which has not been operating since November 2011 due to its overall renovation and redevelopment. During the Track Record Period, Renaissance Beijing Wangfujing Hotel generated an insignificant amount of revenue, which had no material effect on our results of operations.

(2) Represents gross profit as a percentage of revenue.

(3) Represents profit before tax, after deducting fair value gains on investment properties, bank interest income and other investment income, adding back depreciation, amortisation of intangible assets, recognition of prepaid lease payments less amount capitalised, finance costs, write-down of inventories to net realisable value and impairment of items of property, plant and equipment, and adjustment for foreign exchange differences, impairment/(reversal of impairment) of trade receivables and gain or loss on disposal of items of property, plant and equipment.

(4) Represents EBITDA as a percentage of revenue.

EBITDA is the non-HKFRS accounting measure used by the Group to assess the operating performance of the individual Hotels. The specific definition and calculation of this term can differ from company to company.

EBITDA is not a line item stated in the combined statements of profit or loss of the Group and should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA presented herein may not be comparable to EBITDA or similarly titled measures presented by other companies.

FY2013 Compared to FY2012

Revenue

The Group had total revenue of HK$2,649.1 million in FY2012 and HK$2,634.2 million in FY2013, which remained largely constant.

Hotel Operations

Revenue from hotel operations decreased by 2.4% from HK$2,010.2 million in FY2012 to HK$1,961.7 million in FY2013. Room revenue decreased by 2.5% from HK$1,301.4 million in FY2012 to HK$1,269.2 million in FY2013, primarily due to decreases in RevPAR of Grand Hyatt Shanghai and The Westin Beijing Chaoyang, partially offset by increases in RevPAR of the other three hotels. The revenue from the food and beverage business decreased by 2.8% from HK$751.3 million in FY2012 to HK$730.1 million in FY2013, primarily due to decreased demand for banquet and conference services at Grand Hyatt Shanghai and The Westin Beijing

Chaoyang mainly as a result of certain restrictive measures implemented by the PRC government. Please refer to "*Risk Factors — Risks Relating to the Hospitality and Property Industries in the PRC — The recently implemented eight-point guidelines with respect to regulating the conduct of political officials have had a negative impact on the hotel, travel and tourism industries in the PRC*" for further information.

1. Grand Hyatt Shanghai

Revenue from Grand Hyatt Shanghai decreased by 4.2% from HK$552.1 million in FY2012 to HK$529.1 million in FY2013.

Room revenue decreased by 2.9% from HK$251.1 million in FY2012 to HK$243.7 million in FY2013. The hotel's average room rate remained largely stable at HK$2,060 in FY2012 and HK$2,053 in FY2013, while its occupancy rate decreased from 60.0% in FY2012 to 58.6% in FY2013, resulting in a decrease in RevPAR of 2.7%. This decrease primarily reflected (i) a decrease in group reservations by domestic customers for meetings or business purposes mainly as a result of the PRC government austerity measures, including the eight-point guideline for conduct of political officials issued in December 2012, and (ii) intensified competition with comparable 5-star hotels in Shanghai, in particular with those located in the Lujiazui Financial and Trade Zone.

Revenue from the food and beverage business decreased by 5.3% from HK$324.1 million in FY2012 to HK$307.0 million in FY2013, reflecting decreased demand for our banquet and conference services primarily due to the effect of the PRC government austerity measures and decreased consumption of food and beverage products by hotel guests in line with the decreased occupancy rate.

2. The Westin Beijing Chaoyang

Revenue from The Westin Beijing Chaoyang decreased by 13.7% from HK$443.2 million in FY2012 to HK$382.6 million in FY2013.

Room revenue decreased by 15.7% from HK$291.7 million in FY2012 to HK$246.0 million in FY2013, as the hotel's average room rate decreased by 9.7% from HK$1,893 in FY2012 to HK$1,709 in FY2013 while its occupancy rate decreased from 76.5% in FY2012 to 71.7% in FY2013, resulting in a decrease in RevPAR of 15.4%. This decrease primarily reflected (i) the impact of the PRC government austerity measures on the local high-end hotel market in Beijing, (ii) the increased supply of 5-star hotels in Beijing and (iii) a downward pricing adjustment in response to the generally decreased travelling budgets of domestic business customers and the intensified market competition.

Revenue from the food and beverage business decreased by 10.1% from HK$149.0 million in FY2012 to HK$133.9 million in FY2013, reflecting declining business from banquet and conference services primarily due to the effect of the PRC government austerity measures and a decrease in the number of customers of our catering services.

3. JW Marriott Hotel Shenzhen

Revenue from JW Marriott Hotel Shenzhen increased by 8.7% from HK$201.9 million in FY2012 to HK$219.5 million in FY2013.

Room revenue increased by 8.0% from HK$132.6 million in FY2012 to HK$143.2 million in FY2013, as the hotel's average room rate increased by 3.3% from HK$1,260 in FY2012 to HK$1,301 in FY2013 while its occupancy rate increased from 71.5% in FY2012 to 75.0% in FY2013, resulting in an increase in RevPAR of 8.3%. This increase primarily reflected increased demand of business customers and an increase in the number of hotel guests, coupled with increased marketing activities targeting both business and individual leisure travelers through various sales distribution channels.

Revenue from the food and beverage business increased by 6.2% from HK$75.4 million in FY2012 to HK$80.1 million in FY2013, reflecting increased business at the restaurants, increased banquet business from weddings and other events and increased demand of hotel guests for our catering services, coupled with enhanced cooperation with certain banks in China for promotion of our restaurant and catering services by use of selected credit cards.

4. The Ritz-Carlton, Sanya

Revenue from The Ritz-Carlton, Sanya increased by 2.3% from HK$499.7 million in FY2012 to HK$511.2 million in FY2013.

Room revenue increased by 1.9% from HK$382.7 million in FY2012 to HK$390.1 million in FY2013, as the hotel's average room rate decreased by 8.4% from HK$3,788 in FY2012 to HK$3,471 in FY2013 while its occupancy rate increased from 62.1% in FY2012 to 69.1% in FY2013, resulting in an increase in RevPAR of 2.0%. This increase primarily reflected an increase in the number of hotel guests, which was attributable to increased marketing activities and our efforts to enlarge the customer base by offering more competitive room rates.

Revenue from the food and beverage business increased by 0.9% from HK$126.8 million in FY2012 to HK$128.0 million in FY2013, reflecting increased consumption of food and beverage products by hotel guests, partially offset by decreased demand for our banquet services and the increased proportion of group purchases. In general, customers participating group purchases pay lower prices on average than individual customers.

5. Hilton Sanya Resort and Spa

Revenue from Hilton Sanya Resort and Spa increased by 2.0% from HK$313.0 million in FY2012 to HK$319.3 million in FY2013.

Room revenue increased by 1.2% from HK$243.3 million in FY2012 to HK$246.3 million in FY2013, as the hotel's average room rate decreased by 8.6% from HK$2,282 in FY2012 to HK$2,085 in FY2013 while its occupancy rate increased from 59.2% in FY2012 to 65.8% in FY2013, resulting in an increase in RevPAR of 1.6%. This increase primarily reflected successful efforts to compete and attract customers through increased marketing activities, coupled with more competitive room rates.

Revenue from the food and beverage business increased by 6.6% from HK$76.0 million in FY2012 to HK$81.0 million in FY2013, reflecting increased consumption of food and beverage products by hotel guests, which was in line with the improved occupancy rate.

Property Leasing and Others

Gross rental income increased by 5.8% from HK$490.8 million in FY2012 to HK$519.2 million in FY2013, primarily due to an overall increase in rental prices of our leased properties in Jin Mao Tower and The Ritz-Carlton, Sanya. The table below sets out the average effective rental rates of the office area and retail area of Jin Mao Tower and the retail area of The Ritz-Carlton, Sanya for the periods indicated:

	Year ended 31 December	
	2012	2013
	(HK$)	(HK$)
Average effective rental rate (per sq.m. per day)(1)		
Leased office area of Jin Mao Tower	11.4	12.4
Leased retail area of Jin Mao Tower (primarily consists of "J-Life")	16.6	17.9
Leased retail area of The Ritz-Carlton, Sanya	42.8	44.4

Note:

(1) Calculated as the total gross office/retail rental income divided by the total GFA leased of office/retail area over a period of 365 days.

Our revenue from other ancillary businesses increased by 3.5% from HK$148.1 million in FY2012 to HK$153.3 million in FY2013, primarily due to additional engagements in new regions for our property management services business.

Cost of Sales

Cost of sales increased by 3.2% from HK$1,072.8 million in FY2012 to HK$1,107.0 million in FY2013, primarily due to an increase in employee benefit expenses as a result of the increased average staff salary level, increased prices for certain utilities used in hotel operations and increased payment of sales commission by certain hotels to travel agents. Cost of sales as a percentage of revenue increased from 40.5% in FY2012 to 42.0% in FY2013, reflecting increases in employee benefit expenses and utilities as percentages of the total revenue.

Hotel Operations

Cost of sales of hotel operations increased by 2.0% from HK$938.0 million in FY2012 to HK$957.1 million in FY2013, primarily due to an increase in employee benefit expenses mainly as a result of the increased average staff salary level.

Cost of sales attributable to Grand Hyatt Shanghai decreased by 1.1% from HK$299.3 million in FY2012 to HK$296.1 million in FY2013, primarily due to a decrease in the overall costs of raw materials and consumables used as a result of decreased revenue, partially offset by the increased employee benefit expenses.

Cost of sales attributable to The Westin Beijing Chaoyang decreased by 4.9% from HK$197.3 million in FY2012 to HK$187.6 million in FY2013, primarily due to a decrease in the overall costs of raw materials and consumables used as a result of decreased revenue, partially offset by the increased employee benefit expenses.

Cost of sales attributable to JW Marriott Hotel Shenzhen increased by 8.5% from HK$105.5 million in FY2012 to HK$114.5 million in FY2013, which was in line with increased revenue.

Cost of sales attributable to The Ritz-Carlton, Sanya increased by 7.6% from HK$207.2 million in FY2012 to HK$223.0 million in FY2013, primarily due to increased employee benefit expenses, increased prices for certain utilities such as gas and increased payment of sales commissions in connection with the hotel's efforts to attract customers who booked hotels through travel agents.

Cost of sales attributable to Hilton Sanya Resort and Spa increased by 8.7% from HK$124.9 million in FY2012 to HK$135.8 million in FY2013, primarily due to increased payment of sales commissions to travel agents in connection with the hotel's sales efforts in light of intensified market competition.

Property Leasing and Others

Cost of sales of property leasing decreased by 5.3% from HK$60.5 million in FY2012 to HK$57.3 million in FY2013, primarily due to decreased maintenance costs incurred for leased properties in Jin Mao Tower.

Cost of sales of other ancillary businesses increased by 24.6% from HK$74.3 million in FY2012 to HK$92.6 million in FY2013, primarily reflecting recruitment of new staff in anticipation of new property management services and purchases of consumables in response to heightened environmental and hygienic standards.

Gross Profit

For the above reasons, gross profit decreased by 3.1% from HK$1,576.2 million in FY2012 to HK$1,527.2 million in FY2013. Gross profit margin decreased from 59.5% in FY2012 to 58.0% in FY2013, primarily reflecting the decreased gross profit margin of our hotel operations, partially offset by the increased gross profit margin of our property leasing business.

Hotel Operations

Gross profit from hotel operations decreased by 6.3% from HK$1,072.2 million in FY2012 to HK$1,004.6 million in FY2013. Gross profit margin decreased from 53.3% in FY2012 to 51.2% in FY2013, primarily reflecting an overall decrease in average room rates, the relatively fixed-cost nature of certain costs of sales, including utilities, depreciation and amortisation and increased employee benefit expenses.

Gross profit from Grand Hyatt Shanghai decreased by 7.8% from HK$252.8 million in FY2012 to HK$233.0 million in FY2013. Gross profit margin decreased from 45.8% in FY2012 to 44.0% in FY2013, primarily reflecting the greater decrease in revenue as compared to cost of sales, of which employee benefit expenses increased and certain costs such as utilities are relatively fixed in nature.

Gross profit from The Westin Beijing Chaoyang decreased by 20.7% from HK$245.9 million in FY2012 to HK$195.0 million in FY2013. Gross profit margin decreased from 55.5% in FY2012 to 51.0% in FY2013, primarily reflecting the decreased average room rate and the relatively fixed-cost nature of certain components of costs of sales.

Gross profit from JW Marriott Hotel Shenzhen increased by 8.9% from HK$96.4 million in FY2012 to HK$105.0 million in FY2013. Gross profit margin remained relatively stable at 47.7% in FY2012 and 47.8% in FY2013.

Gross profit from The Ritz-Carlton, Sanya decreased by 1.5% from HK$292.5 million in FY2012 to HK$288.2 million in FY2013. Gross profit margin decreased from 58.5% in FY2012 to 56.4% in FY2013, primarily reflecting the decreased average room rate and increased cost of sales, particularly the increased average staff salary level.

Gross profit from Hilton Sanya Resort and Spa decreased by 2.5% from HK$188.1 million in FY2012 to HK$183.4 million in FY2013. Gross profit margin decreased from 60.1% in FY2012 to 57.5% in FY2013, primarily reflecting the decreased average room rate.

Property Leasing and Others

Gross profit from property leasing increased by 7.3% from HK$430.3 million in FY2012 to HK$461.9 million in FY2013. The gross profit margin for property leasing increased from 87.7% in FY2012 to 89.0% in FY2013, primarily reflecting a general increase in rental prices of our leased properties.

Gross profit from other ancillary businesses was HK$73.8 million in FY2012 and HK$60.7 million in FY2013.

Analysis of EBITDA and EBITDA Margins of the Hotels

Grand Hyatt Shanghai

EBITDA of Grand Hyatt Shanghai decreased by 15.6% from HK$146.2 million in FY2012 to HK$123.4 million in FY2013 and EBITDA margin decreased from 26.5% in FY2012 to 23.3% in FY2013, primarily reflecting the decreased gross profit margin and increased administrative expenses mainly due to increased staff costs.

The Westin Beijing Chaoyang

EBITDA of The Westin Beijing Chaoyang decreased by 33.0% from HK$163.8 million in FY2012 to HK$109.7 million in FY2013 and EBITDA margin decreased from 37.0% in FY2012 to 28.7% in FY2013, primarily reflecting the decreased gross profit margin and increased administrative expenses due to increased office expenses, information technology expenses and consultant fees according to the hotel's business requirements.

JW Marriott Hotel Shenzhen

EBITDA of JW Marriott Hotel Shenzhen increased by 2.6% from HK$58.5 million in FY2012 to HK$60.0 million in FY2013 while EBITDA margin decreased from 29.0% in FY2012 to 27.3% in FY2013. The decrease in EBITDA margin primarily reflected increased administrative expenses, in particular increased urban real estate tax expenses as a result of expiration of the tax exemption, which was applicable to the hotel until the second half of 2012.

The Ritz-Carlton, Sanya

EBITDA of The Ritz-Carlton, Sanya decreased by 2.4% from HK$228.0 million in FY2012 to HK$222.5 million in FY2013 and EBITDA margin decreased from 45.6% in FY2012 to 43.5% in FY2013, largely in line with the decreased gross profit margin.

Hilton Sanya Resort and Spa

EBITDA of Hilton Sanya Resort and Spa decreased by 7.5% from HK$144.5 million in FY2012 to HK$133.7 million in FY2013 and EBITDA margin decreased from 46.2% in FY2012 to 41.9% in FY2013, primarily reflecting (i) the decreased gross profit margin, (ii) increased sales and marketing expenses due to the increased salaries and other compensation paid to sales staff and newly recruited regional sales managers and (iii) increased administrative expenses, in particular increased staff costs.

Other Income and Gains

Other income and gains decreased by 3.7% from HK$83.9 million in FY2012 to HK$80.8 million in FY2013, primarily due to decreases in bank interest income, other investment income and government grants, partially offset by an increase in net gains on foreign exchange difference.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased by 83.1% from HK$460.5 million in FY2012 to HK$843.1 million in FY2013, primarily due to the appreciated fair value of our investment properties in Jin Mao Tower.

Selling and Marketing Expenses

The Group had selling and marketing expenses of HK$159.4 million in FY2012 and HK$158.8 million in FY2013, which remained largely constant. Selling and marketing expenses as a percentage of revenue remained stable at 6.0% in FY2012 and FY2013.

Administrative Expenses

Administrative expenses decreased by 4.3% from HK$617.5 million in FY2012 to HK$591.0 million in FY2013, primarily reflecting a decrease in staff costs. This decrease was mainly due to a decrease in staff costs at the headquarters level, partially offset by increased staff costs for certain hotels. The decrease in staff costs at the headquarters level was primarily due to a decrease in the number of employees in the headquarters as a result of the transfer of the leasing management department of J-Life in Jin Mao Tower from the Group to the Franshion Group. Administrative expenses as a percentage of revenue decreased from 23.3% in FY2012 to 22.4% in FY2013.

Other Expenses and Losses

Other expenses and losses decreased by 85.7% from HK$15.4 million in FY2012 to HK$2.2 million in FY2013, primarily reflecting loss on disposal of items of property, plant and equipment in FY2012 as a result of disposal of certain hotel amenities and equipment of Renaissance Beijing Wangfujing Hotel, which was under overall redevelopment and renovation.

Finance Costs

Finance costs decreased by 37.7% from HK$536.2 million in FY2012 to HK$333.8 million in FY2013, primarily due to decreases in interest expense incurred on bank loans and debenture and interest expense incurred on inter-group entrusted loans in the form of amounts due to related parties as a result of our increased use of internal funds to finance our operations.

Share of Profits for Joint Ventures

Our share of profits of joint ventures were HK$2.5 million in FY2012 and HK$2.3 million in FY2013.

Income Tax Expense

Income tax expense increased significantly from HK$156.0 million in FY2012 to HK$354.2 million in FY2013, largely in line with our increased profit before tax. Our effective tax rate increased from 19.6% in FY2012 to 25.9% in FY2013, primarily as a result of a decrease in tax losses from previous periods being available for utilisation by hotel operating subsidiaries in Beijing and Shenzhen.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 58.7% from HK$638.5 million in FY2012 to HK$1,013.4 million in FY2013.

FY2012 Compared to FY2011

Revenue

Total revenue slightly decreased by 1.4% from HK$2,685.8 million in FY2011 to HK$2,649.1 million in FY2012, primarily due to a decrease in revenue from hotel operations, partially offset by an increase in gross rental income.

Hotel Operations

Revenue from hotel operations decreased by 5.8% from HK$2,133.8 million in FY2011 to HK$2,010.2 million in FY2012. Room revenue decreased by 5.9% from HK$1,383.1 million in FY2011 to HK$1,301.4 million in FY2012, primarily attributable to decreases in RevPAR of Grand Hyatt Shanghai and the two hotels in Sanya. The revenue from the food and beverage business decreased by 5.1% from HK$791.9 million in FY2011 to HK$751.3 million in FY2012, primarily attributable to decreases in food and beverage revenues of Grand Hyatt Shanghai and the two hotels in Sanya.

1. Grand Hyatt Shanghai

Revenue from Grand Hyatt Shanghai decreased by 2.2% from HK$564.8 million in FY2011 to HK$552.1 million in FY2012.

Room revenue decreased by 1.6% from HK$255.3 million in FY2011 to HK$251.1 million in FY2012, as the hotel's average room rate decreased by 3.5% from HK$2,135 in FY2011 to HK$2,060 in FY2012 while its occupancy rate remained largely stable at 59.0% in FY2011 and 60.0% in FY2012, resulting in a decrease in RevPAR of 2.0%. This decrease primarily reflected the intensified competition due to the increased supply of 5-star hotels in Shanghai and the diminishing effects of 2010 World Expo as a driver for demand for hotel rooms in Shanghai.

Revenue from the food and beverage business decreased by 2.4% from HK$332.0 million in FY2011 to HK$324.1 million in FY2012, reflecting a decrease in the number of guests at the restaurants as a result of intensified competition.

2. The Westin Beijing Chaoyang

Revenue from The Westin Beijing Chaoyang increased by 10.2% from HK$402.1 million in FY2011 to HK$443.2 million in FY2012.

Room revenue increased by 13.1% from HK$257.9 million in FY2011 to HK$291.7 million in FY2012, as the hotel's average room rate increased by 15.7% from HK$1,636 in FY2011 to HK$1,893 in FY2012 while its occupancy rate decreased from 78.6% in FY2011 to 76.5% in FY2012, resulting in an increase in RevPAR of 12.8%. This increase primarily reflected our efforts in adjusting the customer mix with a focus on business travelers in response to the market dynamics.

Revenue from the food and beverage business increased by 4.2% from HK$143.0 million in FY2011 to HK$149.0 million in FY2012, reflecting increased demand for catering services and increased business at the restaurants at The Westin Beijing Chaoyang.

3. JW Marriott Hotel Shenzhen

Revenue from JW Marriott Hotel Shenzhen increased by 2.3% from HK$197.4 million in FY2011 to HK$201.9 million in FY2012.

Room revenue increased by 4.8% from HK$126.5 million in FY2011 to HK$132.6 million in FY2012, as the hotel's average room rate increased by 8.5% from HK$1,161 in FY2011 to HK$1,260 in FY2012 while its occupancy rate decreased from 74.3% in FY2011 to 71.5% in FY2012, resulting in an increase in RevPAR of 4.5%. This increase was primarily due to room rate increases driven by business customers, reflecting our sales and marketing efforts targeting business travellers.

Revenue from the food and beverage business decreased by 1.3% from HK$76.4 million in FY2011 to HK$75.4 million in FY2012, reflecting a decrease in the number of guests at the restaurants, which was in line with the decreased occupancy rate as a significant portion of our food and beverage sales are provided to customers who are also hotel guests.

4. The Ritz-Carlton, Sanya

Revenue from The Ritz-Carlton, Sanya decreased by 10.6% from HK$558.9 million in FY2011 to HK$499.7 million in FY2012.

Room revenue decreased by 9.4% from HK$422.4 million in FY2011 to HK$382.7 million in FY2012, as the hotel's average room rate increased by 12.9% from HK$3,354 in FY2011 to HK$3,788 in FY2012 while its occupancy rate decreased from 77.4% in FY2011 to 62.1% in FY2012, resulting in a decrease in RevPAR of 9.4%. This decrease primarily reflected the increased supply of hotels in the local market and the less frequent flights to Sanya during the low season of tourism in 2012, both of which resulted in a decrease in the number of hotel guests. During the low season of 2012, many airlines reduced the number of flights to Sanya and increased flight fares in an effort to lessen the impact of low passenger rates during that period and improve the overall profitability of their operations of flights to the city.

Revenue from the food and beverage business decreased by 11.9% from HK$143.9 million in FY2011 to HK$126.8 million in FY2012, reflecting decreased demand for the catering services, which was in line with the decreased occupancy rate.

5. Hilton Sanya Resort and Spa

Revenue from Hilton Sanya Resort and Spa decreased by 16.7% from HK$375.6 million in FY2011 to HK$313.0 million in FY2012.

Room revenue decreased by 17.6% from HK$295.1 million in FY2011 to HK$243.3 million FY2012, as the hotel's average room rate decreased by 6.3% from HK$2,435 in FY2011 to HK$2,282 in FY2012 while its occupancy rate decreased from 67.5% in FY2011 to 59.2% in FY2012, resulting in a decrease in RevPAR of 17.8%. This decrease was primarily attributable to (i) the decreased number of hotel guests due to the increased supply of hotels in the local market and less frequent flights to Sanya during the low season of tourism in 2012, and (ii) our downward pricing adjustment in response to the challenging market conditions in 2012.

Revenue from the food and beverage business decreased by 14.9% from HK$89.3 million in FY2011 to HK$76.0 million in FY2012, reflecting decreased demand for the catering services, which was in line with the decreased occupancy rate.

In addition, we had an insignificant amount of revenue from Renaissance Beijing Wangfujing Hotel, which was suspended for operations in November 2011 due to its overall renovation and redevelopment.

Property Leasing and Others

Gross rental income increased by 17.5% from HK$417.8 million in FY2011 to HK$490.8 million in FY2012, primarily attributable to a general increase in rental prices of our leased properties in Jin Mao Tower and The Ritz-Carlton, Sanya. The table below sets out the average effective rental rates of the office area and retail area of Jin Mao Tower and the retail area of The Ritz-Carlton, Sanya for the periods indicated:

	Year ended 31 December	
	2011	**2012**
	(HK$)	**(HK$)**
Average effective rental rate (per sq.m. per day)[(1)]		
Leased office area of Jin Mao Tower	10.2	11.4
Leased retail area of Jin Mao Tower (primarily consists of "J-Life")	14.5	16.6
Leased retail area of The Ritz-Carlton, Sanya	37.5	42.8

Note:

(1) Calculated as the total gross office/retail rental income divided by the total GFA leased of office/retail area over a period of 365 days.

Our revenue from other ancillary businesses increased by 10.4% from HK$134.2 million in FY2011 to HK$148.1 million in FY2012, primarily due to an increased number of visitors to the observation deck at Jin Mao Tower in FY2012. This increase mainly reflected our increased marketing and selling activities through further cooperation with regional travel agents and promotion platforms operated by third parties.

Cost of Sales

Cost of sales decreased by 3.2% from HK$1,108.2 million in FY2011 to HK$1,072.8 million in FY2012, primarily due to decreased cost of raw materials and consumables used as a result of a decrease in revenue from hotel operations. Cost of sales as a percentage of revenue decreased from 41.3% in FY2011 to 40.5% in FY2012. This reflects our tightened cost control over procurement for our hotel operations by entering into strategic purchase agreements for the procurement of certain raw materials and consumables, including light cream, linens and bedding.

Hotel Operations

Cost of sales of hotel operations decreased by 4.4% from HK$981.3 million in FY2011 to HK$938.0 million in FY2012, primarily due to a decrease in the overall costs of raw materials and consumables used.

Cost of sales attributable to Grand Hyatt Shanghai increased by 2.3% from HK$292.7 million in FY2011 to HK$299.3 million in FY2012, primarily due to increased employee benefit expenses as a result of an increase in average salary level.

Cost of sales attributable to The Westin Beijing Chaoyang increased by 4.0% from HK$189.7 million in FY2011 to HK$197.3 million in FY2012, primarily due to increased costs of raw materials and consumables used for food and beverage business and increased employee benefit expenses, partially offset by the implementation of tightened cost control measures for procurement of raw materials and consumables.

Cost of sales attributable to JW Marriott Hotel Shenzhen decreased by 2.2% from HK$107.9 million in FY2011 to HK$105.5 million in FY2012, primarily due to decreased employee benefit expenses as a result of decreased bonuses paid to hotel staff.

Cost of sales attributable to The Ritz-Carlton, Sanya decreased by 7.0% from HK$222.7 million in FY2011 to HK$207.2 million in FY2012, primarily due to a decrease in revenue from The Ritz-Carlton, Sanya and the implementation of tightened cost control and inventory management measures.

Cost of sales attributable to Hilton Sanya Resort and Spa decreased by 13.1% from HK$143.7 million in FY2011 to HK$124.9 million in FY2012, primarily due to a decrease in revenue from Hilton Sanya Resort and Spa and the implementation of tightened cost control and inventory management measures.

Property Leasing and Others

Cost of sales of property leasing increased by 9.6% from HK$55.2 million in FY2011 to HK$60.5 million in FY2012, primarily due to increased utility costs and increased employee benefit expenses as a result of an increase in the average salary level.

Cost of sales of our other ancillary businesses increased by 3.6% from HK$71.7 million in FY2011 to HK$74.3 million in FY2012. The lower increase in cost of sales as compared to revenue reflected the fixed-cost nature of major components of cost of sales for operating the observation deck, including depreciation and amortisation, urban real estate tax, utilities and insurance expenses, despite increased revenue from operations of the observation deck.

Gross Profit

Our gross profit was HK$1,577.6 million in FY2011 and HK$1,576.2 million in FY2012, and remained largely stable. Gross profit margin increased from 58.7% in FY2011 to 59.5% in FY2012, primarily reflecting our enhanced cost control and inventory management for our hotel operations and an increase in rental income from property leasing as a percentage of our total revenue despite lower revenue from our hotel operations.

Hotel Operations

Gross profit from hotel operations decreased by 7.0% from HK$1,152.5 million in FY2011 to HK$1,072.2 million in FY2012. Gross profit margin decreased from 54.0% in FY2011 to 53.3% in FY2012, primarily reflecting decreases in gross profit margins of Grand Hyatt Shanghai and the two hotels in Sanya, partially offset by increases in gross profit margins of The Westin Beijing Chaoyang and JW Marriott Hotel Shenzhen.

Gross profit from Grand Hyatt Shanghai decreased by 7.1% from HK$272.1 million in FY2011 to HK$252.8 million in FY2012. Gross profit margin decreased from 48.2% in FY2011 to 45.8% in FY2012, primarily reflecting a decrease in revenue and an increase in cost of sales for the reasons discussed above.

Gross profit from The Westin Beijing Chaoyang increased by 15.8% from HK$212.4 million in FY2011 to HK$245.9 million in FY2012. Gross profit margin increased from 52.8% in FY2011 to 55.5% in FY2012, primarily reflecting higher average room rates.

Gross profit from JW Marriott Hotel Shenzhen increased by 7.6% from HK$89.6 million in FY2011 to HK$96.4 million in FY2012. Gross profit margin increased from 45.4% in FY2011 to 47.7% in FY2012, primarily reflecting higher average room rates and the implementation of tightened cost control and inventory management measures.

Gross profit from The Ritz-Carlton, Sanya decreased by 13.0% from HK$336.2 million in FY2011 to HK$292.5 million in FY2012. Gross profit margin decreased from 60.2% in FY2011 to 58.5% in FY2012, primarily reflecting a greater decrease in revenue as compared to cost of sales due to intensified competition, lower demand for catering services and certain fixed cost incurred for hotel operations.

Gross profit from Hilton Sanya Resort and Spa decreased by 18.9% from HK$231.9 million in FY2011 to HK$188.1 million in FY2012. Gross profit margin decreased from 61.8% in FY2011 to 60.1% in FY2012, reflecting both lower occupancy rate and lower average room rate due to prevailing market conditions, partially offset by the implementation of tightened cost control and inventory management measures.

Property Leasing and Others

Gross profit from property leasing increased by 18.7% from HK$362.6 million in FY2011 to HK$430.3 million in FY2012, primarily due to a general increase in rental prices of our leased properties. Gross profit margin for property leasing increased from 86.8% in FY2011 to 87.7% in FY2012, primarily reflecting the overall rental price increases, partially offset by increased cost of sales.

Gross profit from other ancillary businesses was HK$62.5 million in FY2011 and HK$73.8 million in FY2012.

Analysis of EBITDA and EBITDA Margins of the Hotels

Grand Hyatt Shanghai

EBITDA of Grand Hyatt Shanghai decreased by 11.3% from HK$164.8 million in FY2011 to HK$146.2 million in FY2012 and EBITDA margin decreased from 29.2% in FY2011 to 26.5% in FY2012, primarily reflecting the decreased gross profit margin and increased selling and marketing expenses, particularly the increased advertising and travelling expenses, as a result of increased marketing activities.

The Westin Beijing Chaoyang

EBITDA of The Westin Beijing Chaoyang increased by 21.8% from HK$134.5 million in FY2011 to HK$163.8 million in FY2012 and EBITDA margin increased from 33.4% in FY2011 to 37.0% in FY2012, primarily reflecting the increased gross profit margin.

JW Marriott Hotel Shenzhen

EBITDA of JW Marriott Hotel Shenzhen decreased by 20.0% from HK$73.1 million in FY2011 to HK$58.5 million in FY2012 and EBITDA margin decreased from 37.0% in FY2011 to 29.0% in FY2012, primarily reflecting a significant increase in administrative expenses as a result of increased urban real estate tax expenses. Pursuant to certain tax preferential policies, JW Marriott Hotel Shenzhen was granted an urban real estate tax exemption, which had a three-year term starting from the commencement of operations and expired in the first half of 2012.

The Ritz-Carlton, Sanya

EBITDA of The Ritz-Carlton, Sanya decreased by 14.1% from HK$265.4 million in FY2011 to HK$228.0 million in FY2012 and EBITDA margin decreased from 47.5% in FY2011 to 45.6% in FY2012, primarily reflecting the decreased gross profit margin.

Hilton Sanya Resort and Spa

EBITDA of Hilton Sanya Resort and Spa decreased by 17.5% from HK$175.1 million in FY2011 to HK$144.5 million in FY2012 and EBITDA margin decreased from 46.6% in FY2011 to 46.2% in FY2012, primarily reflecting the decreased gross profit margin, partially offset by decreased administrative expenses.

Other Income and Gains

Other income and gains decreased by 47.4% from HK$159.5 million in FY2011 to HK$83.9 million in FY2012, primarily due to a decrease in other interest income of HK$68.3 million.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased significantly from HK$157.0 million in FY2011 to HK$460.5 million in FY2012, primarily due to the appreciated fair value of our investment properties in Jin Mao Tower.

Selling and Marketing Expenses

The Group had selling and marketing expenses of HK$160.2 million in FY2011 and HK$159.4 million in FY2012, which remained largely constant. Selling and marketing expenses as a percentage of revenue remained stable at 6.0% in FY2011 and FY2012.

Administrative Expenses

Administrative expenses increased by 3.0% from HK$599.5 million in FY2011 to HK$617.5 million in FY2012, primarily due to increased staff costs and increased urban real estate taxes attributable to JW Marriott Hotel Shenzhen. Administrative expenses as a percentage of revenue increased from 22.3% in FY2011 to 23.3% in FY2012.

Other Expenses and Losses

Other expenses and losses decreased by 87.8% from HK$126.3 million in FY2011 to HK$15.4 million in FY2012, primarily due to the provision for impairment of property, plant and equipment for FY2011, which was attributable to certain fixtures and equipment of Renaissance Beijing Wangfujing Hotel, which was under overall redevelopment and renovation beginning in 2011.

Finance Costs

Finance costs increased slightly by 6.9% from HK$501.8 million in FY2011 to HK$536.2 million in FY2012, primarily reflecting the increased interest expenses incurred on bank loans and debenture as well as interest expenses incurred on inter-group entrusted loans in the form of amounts due to related parties.

Share of profits for joint ventures

Our share of profits of joint ventures were HK$3.6 million in FY2011 and HK$2.5 million in FY2012.

Income Tax Expense

Income tax decreased by 2.0% from HK$159.2 million in FY2011 to HK$156.0 million in FY2012, primarily due to an increase in tax losses from previous periods utilised by the operating subsidiaries of The Westin Beijing Chaoyang and JW Marriott Hotel Shenzhen, partially offset by an increase in profit before tax. Our effective tax rate decreased from 31.2% in FY2011 to 19.6% in FY2012. The decrease was mainly a result of (i) expenses not deductible for tax in FY2011 primarily attributable to an impairment loss on item of property, plant and equipment for Renaissance Beijing Wangfujing Hotel; and (ii) an increase in the tax losses from previous periods utilised by certain hotel operating subsidiaries in 2012.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 82.1% from HK$350.7 million in FY2011 to HK$638.5 million in FY2012.

CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Property, Plant and Equipment

Our property, plant and equipment consisted of hotel buildings, land, properties under construction, furniture, fixtures, equipment and motor vehicles during the Track Record Period. As at 31 December 2011, 2012 and 2013, we had property, plant and equipment of HK$6,738.8 million, HK$6,745.4 million, and HK$7,858.1 million, respectively. Our property, plant and equipment remained relatively stable as at 31 December 2011 and 31 December 2012. Our property, plant and equipment as at 31 December 2013, as compared to 31 December 2012, increased by HK$1,112.7 million, primarily due to increased capital expenditures for development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel.

Investment Properties

We hold certain commercial properties for long-term investment purposes and recurring rental income. As at 31 December 2011, 2012 and 2013, our investment properties were valued at HK$7,354.3 million, HK$7,821.0 million and HK$8,934.7 million, respectively, based on valuation by an independent property valuer. The increases in our investment properties during the Track Record Period were primarily due to the appreciation in the property value of our commercial properties in Jin Mao Tower.

Prepaid Land Lease Payments

Prepaid land lease payments represented acquisition costs of the land use rights for the land used primarily for our business operations. The current portion of prepaid land lease payments was included in prepayments, deposits and other receivables. As at 31 December 2011, 2012 and 2013, the total prepaid land lease payments were HK$1,863.0 million, HK$1,891.0 million and HK$1,820.8 million, respectively, of which, HK$52.5 million, HK$53.9 million and HK$56.0 million were included in current assets as prepayments, deposits and other receivables, respectively, and HK$1,810.5 million, HK$1,837.1 million and HK$1,764.8 million were included in non-current assets, respectively. Our prepaid land lease payments remained largely stable as at the year end of FY2011 and FY2012. Our Prepaid land lease payment as at 31 December 2013, as compared to 31 December 2012, decreased by HK$70.2 million, primarily due to our disposal of a parcel of land in Lijiang which was decided not to be used for hotel development.

Inventories

Our inventories comprised raw materials, hotel merchandise and trading stock during the Track Record Period. Raw materials primarily included equipment, amenities and accessories purchased for the management and maintenance of the Properties. Hotel merchandise primarily included food, beverages and other consumables for hotel operations. Trading stock represented souvenirs and gifts offered for sale on the observation deck operated by us in Jin Mao Tower. The following table sets out our inventories as at the dates indicated and inventory turnover days for the periods indicated:

	As at and for the year ended 31 December		
	2011	**2012**	**2013**
	(HK$'000)	**(HK$'000)**	**(HK$'000)**
Raw materials	5,219	4,962	5,016
Hotel merchandise	20,502	18,542	18,036
Trading stock	2,250	1,692	2,080
Total inventory	**27,971**	**25,196**	**25,132**
Inventory turnover days[(1)]	**9.8 days**	**9.1 days**	**8.3 days**

Note:

(1) Calculated by dividing average inventory by cost of sales and multiplying by the number of days in the period. Average inventory equals the inventories at the beginning and end of a given period, divided by two.

The changes in our inventory during the Track Record Period were largely in line with changes in our revenue. Inventory turnover days continued to decrease during the Track Record Period, reflecting our enhanced inventory management in accordance with business requirements.

Trade Receivables

Our trade receivables consisted primarily of rental due from tenants of our commercial properties in Jin Mao Tower and hotel room fees receivable from travel agents during the Track Record Period. The following table sets out our trade receivables as at the dates indicated and average trade receivables turnover days for the periods indicated:

	As at and for the year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Total trade receivables	**47,377**	**56,274**	**56,842**
Less: provision for impairment	(1,961)	(2,256)	(1,993)
Trade receivables, net	**45,416**	**54,018**	**54,849**
Trade receivables turnover days[(1)]	**7.3 days**	**6.9 days**	**7.5 days**

Note:

(1) Calculated by dividing average trade receivables by revenue and multiplying the resulting value by the number of days in the period. Average trade receivables equal trade receivables at the beginning of the period plus trade receivables as at the end of the period, divided by two.

We had trade receivables of HK$47.4 million, HK$56.3 million and HK$56.8 million as at 31 December 2011, 2012 and 2013, respectively. The increase in trade receivables from 2011 to 2012 was largely in line with the growth in rental income from our commercial properties in Jin Mao Tower during the same period. In line with our revenues for FY2012 and FY2013, trade receivables remained relatively stable in FY2012 and FY2013.

Included in the provision for impairment of trade receivables was a provision for individually impaired trade receivables, with a carrying amount before provision of HK$2.0 million, HK$2.3 million and HK$2.0 million, respectively, as at 31 December 2011, 2012 and 2013. The net trade receivables of HK$45.4 million, HK$54.0 million and HK$54.8 million as at 31 December 2011, 2012 and 2013, respectively, were neither past due nor impaired.

The credit period we grant to customers is generally within one month and can extend up to three months for certain major customers. A small amount of trade receivables from tenants of our leased properties are settled with a period of over three months. Our trade receivables turnover days remained relatively stable during the Track Record Period. As at 30 April 2014, approximately HK$46.8 million or 86.2% of our trade receivables outstanding as at 31 December 2013 were settled.

The following table sets forth the aging analysis of trade receivables as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Within one month	40,292	45,948	49,053
One to three months	4,338	6,885	4,963
Four to six months	595	890	784
Over six months	191	295	49
Total	**45,416**	**54,018**	**54,849**

Trade Payables

Our trade payables consisted primarily of payables to suppliers of food, beverages and other consumables for our hotel operations and operation of the observation deck in Jin Mao Tower. The following table sets forth our trade payables as at the dates indicated:

	As at and for the year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Trade payables	**98,314**	**84,224**	**96,912**
Trade payables turnover days [(1)]	**30.1 days**	**31.1 days**	**29.9 days**

Note:

(1) Calculated by dividing average trade payables by cost of sales and multiplying the resulting value by the number of days in the period. Average trade payables equal trade payables at the beginning of the period plus trade payables as at the end of the period, divided by two.

The decrease in trade payables from 2011 to 2012 was primarily attributable to the decreased inventories. The increase in trade payables from 2012 to 2013 was primarily due to increased purchases of office equipment and staff uniforms in connection with our property management services in new regions. As at 30 April 2014, approximately HK$83.2 million or 86.7% of our trade payables outstanding as at 31 December 2013 were settled. The Hotels had no material defaults with regard to payments of trade payables during the Track Record Period.

Our trade payables are non-interest bearing and normally settled within 60 days. Our trade payables turnover days remained relatively stable during the Track Record Period.

The following table sets forth the aging analysis of trade payables as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Within one year or on demand	97,916	84,224	96,632
One to two years	73	—	280
Two to three years	112	—	—
More than three years	213	—	—
Total	**98,314**	**84,224**	**96,912**

Other Payables and Accruals

Other payables and accruals comprised primarily (i) payables incurred in connection with hotel construction and development, tax payables, staff expense payables and deposits made by tenants of our leased properties, (ii) receipt in advance payments made by tenants of our commercial properties and hotel customers and (iii) accruals for payables to vendors for hotel decoration and property maintenance.

The following table sets forth other payables and accruals as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Other payables	615,965	659,582	958,360
Receipt in advance	146,226	93,621	102,620
Accruals	42,430	41,238	40,449
Total	**804,621**	**794,441**	**1,101,429**

The decrease in other payables and accruals from 2011 to 2012 primarily reflected a decrease in receipt in advance mainly as a result of the decreased advance payments from customers of the two hotels in Sanya, partially offset by an increase in other payables which was in line with our increased capital expenditures for hotel development and construction. The increase in other payables and accruals from 2012 to 2013 primarily reflected an increase in payables incurred in connection with hotel development and construction, particularly attributable to development of Hyatt Regency Chongming.

NET CURRENT LIABILITIES

The following table sets forth our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 April
	2011	2012	2013	2014
	(HK$'000)	(HK$'000)	(HK$'000)	(HK$'000)
Current Assets				
Inventories	27,971	25,196	25,132	24,677
Trade receivables	45,416	54,018	54,849	64,461
Prepayments, deposits and other receivables	84,912	87,725	130,923	145,521
Due from related parties	5,228,931	4,208,543	396,867	423,274
Restricted bank balances	32	11	5	4
Pledged deposits	236,602	220,761	—	—
Cash and bank balances	1,075,681	1,359,880	1,183,337	1,097,049
Total current assets	**6,699,545**	**5,956,134**	**1,791,113**	**1,754,986**
Current Liabilities				
Trade payables	98,314	84,224	96,912	89,158
Other payables and accruals	804,621	794,441	1,101,429	1,136,951
Interest-bearing bank and other borrowings	4,308,010	4,072,109	3,469,875	3,346,952
Due to related parties	5,061,298	4,809,831	190,414	218,581
Tax payable	30,348	21,566	45,100	22,140
Total current liabilities	**10,302,591**	**9,782,171**	**4,903,730**	**4,813,782**
Net current liabilities	**(3,603,046)**	**(3,826,037)**	**(3,112,617)**	**(3,058,796)**

Interest-bearing bank and other borrowings and amounts due to related parties constituted the largest components of our current liabilities as at 31 December 2011 and 2012, and interest-bearing bank and other borrowings and other payables and accruals constituted the largest components of our current liabilities as at 31 December 2013 and 30 April 2014. Cash and bank balances and amounts due from related parties constituted the largest component of our current assets during the Track Record Period.

We recorded net current liabilities as at 31 December 2011, 2012 and 2013 and 30 April 2014, primarily due to the current portion of interest-bearing bank and other borrowings, in particular short-term bank loans. Mainly as a result of our development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel, we recorded net current liabilities and a relatively high level of indebtedness during the Track Record Period. However, the funding needs for a significant amount of capital expenditure and pre-opening expenses for these three hotels are non-recurring. We expect our debt financing requirements will significantly reduce after 2014, in line with the expected decrease in capital expenditure as disclosed in "— *Forecast Capital Expenditure.*" Going forward, we intend to use funding from credit facilities, cash flow from operations and future fund raising transactions (including equity and debt financing) to finance working capital, debt service requirements and capital expenditure. For a detailed discussion of our sources of funding, debt refinancing arrangements and liquidity management, see "— *Liquidity and Capital Management*".

While we had significant balances with related parties primarily due to inter-group funding arrangements in 2011 and 2012, the net effect of amounts due from/to related parties had less significant impact on our net current balances as compared to interest-bearing bank and other borrowings.

We used interest-bearing bank and other borrowings, one of the largest components of our current liabilities during the Track Record Period, to finance our business needs. A significant current portion of interest-bearing bank and other borrowings were short-term bank loans. As compared to long-term bank loans, short-term bank loans can be obtained without mortgages over the Group's hotel properties, investment properties and prepaid land lease payments, and the cost of servicing short-term bank loans is generally lower due to lower interest charges. Our high credit rating, long-term business relationships with a number of major commercial banks and track record of bank loan repayment have allowed us to be able to obtain such low-interest bearing short-term bank loans with no security interest over our non-current assets. Our corporate credit rating as rated by a credit rating agency authorised by the Shanghai Branch of the PBOC has remained at A since October 2013. Historically, we have not experienced any difficulty in refinancing our bank borrowings. Going forward, we will seek to refinance additional bank borrowings on reasonable commercial terms in the ordinary course of business. The decreases in the current portion of interest-bearing bank and other borrowings from 2011 to 2013 primarily reflected our increased use of internal funds to finance our business operations.

Prior to the Listing, a substantial portion of our funds has been deployed for inter-group funding arrangements as part of the centralised cash management at the Franshion Group level. Part of this centralised cash management included (i) advances and entrusted loans from the Group to the Franshion Group in the form of amounts due from related parties for the purposes of general funding needs of certain members of the Franshion Group; and (ii) advances and entrusted loans from the Franshion Group to the Group in the form of amounts due to related parties to finance our funding needs. The balances with related parties decreased significantly from 2012 to 2013. Amounts due to related parties increased from HK$190.4 million as at 31 December 2013 to HK$218.6 million as at 30 April 2014, primarily due to advances from our fellow subsidiaries. See *"— Indebtedness — Amounts Due from/to Related Parties"* for more details of amounts due from/to related parties. We expect to settle the amounts due from/to related companies upon the Listing.

For discussion of the changes in other payables and accruals during the Track Record Period, see *"— Certain Items of Combined Statements of Financial Position — Other Payables and Accruals"*.

As at 30 April 2014, being the latest practicable date for the purposes of this statement, our net current liabilities were HK$3,058.8 million, consisting of HK$1,755.0 million of current assets and HK$4,813.8 million of current liabilities.

INDEBTEDNESS

Interest-bearing Bank and Other Borrowings

The following table sets forth the balances and effective interest rates of our interest-bearing bank and other borrowings as at the dates indicated:

	As at 31 December					
	2011		2012		2013	
	(HK$'000)	Effective interest rate (%)	(HK$'000)	Effective interest rate (%)	(HK$'000)	Effective interest rate (%)
Current						
Bank loans, secured	205,232	4.50	204,697	4.20	—	
Bank loans, unsecured	2,361,076	3.59-6.12	3,272,962	3.72-5.85	2,341,700	4.20-6.31
Other loans, unsecured	—		431,655	5.04-6.00	445,165	5.04-6.00
Current portion of long-term bank loans, secured	508,202	6.21-7.76	162,795	5.76-5.90	683,010	5.76-5.90
Debenture, secured	1,233,500	4.22	—		—	
	4,308,010		4,072,109		3,469,875	
Non-current						
Bank loans, secured	2,147,524	6.21-7.76	1,192,601	5.76-5.90	1,933,288	5.90
Other loans, unsecured	—		—		165,347	6.40
Total	**6,455,534**		**5,264,710**		**5,568,510**	

We had interest-bearing bank and other borrowings of HK$6,455.5 million, HK$5,264.7 million and HK$5,568.5 million as at 31 December 2011, 2012 and 2013, respectively. The effective interest rates on interest-bearing bank and other borrowings as at 30 April 2014 did not materially change as compared to 31 December 2013.

Certain of our bank loans are secured by the Group's hotel properties, investment properties and prepaid land lease payments and by pledges over the Group's time deposits.

In April 2002, we issued the debenture in a principal amount of RMB1,000 million. The debenture had a term of 10 years, with an effective annual interest rate of 4.22%. The interest and principal of the debenture was fully repaid by April 2012.

Other loans represented loans borrowed from Sinochem Finance, which is engaged in the commercial lending business in China.

The following sets out a summary of the material covenants and events of default of our existing bank facility:

- The loans will not be used for investments in fixed assets or equity, in securities market and option market, or for any other purposes that are prohibited or limited by relevant laws and regulations;

- The borrower will not provide any credit or provide any guarantee for any other person that is not a guarantor, which may affect its performance of obligations;

- The borrower will not pay any dividend or other distribution before repaying principal and interest of the bank facility and other payables (this covenant only applies to one existing bank loan facility which will mature on 5 September 2014);

- The borrower shall obtain consent from the creditor or make reasonable arrangement for the realisation of creditor's rights upon the occurrence of any merger, division, capital reduction, change in equity, material assets and liabilities transfer, material external investment, significant increase in debt financing or any other significant event;

- The borrower shall notify the creditor upon the occurrence of the below circumstances: (i) change in articles of association, business scope, registered capital and legal representative, (ii) close of business, dissolution, liquidation, revocation of business licenses, application of bankruptcy, (iii) its being subject to significant litigation, arbitration or administrative or criminal sanctions, or its property being under seizure, detention or supervision; (iv) its shareholders, directors and current senior management being subject to significant litigation or economic disputes; and (v) connected transactions with transaction amounts reaching or exceeding 10% of the latest audited net assets; and

- The borrower shall not conduct any asset disposal or provide guarantees that may affect its solvency or ability to service the indebtedness.

Except for the bank and other borrowings amounting to approximately HK$358.3 million, HK$357.4 million and HK$357.5 million at 31 December 2011, 2012 and 2013, respectively, which were denominated in U.S. dollars, all bank and other borrowings were denominated in Renminbi.

The following table sets forth the maturity of our interest-bearing bank and other borrowings as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Bank loans repayable:			
Within one year	3,074,510	3,640,454	3,024,710
One to two years	483,532	582,118	231,486
Two to five years	1,382,754	414,389	719,895
More than five years	281,238	196,094	981,907
	5,222,034	4,833,055	4,957,998
Other borrowings repayable:			
Within one year	1,233,500	431,655	445,165
Two to five years	—	—	165,347
	1,233,500	431,655	610,512
Total	**6,455,534**	**5,264,710**	**5,568,510**

Loan Facility

As at the Listing Date, the Group's aggregate borrowing level (not including the drawn down amount of the Loan Facility) is expected to be approximately RMB4,060 million. In preparation for the Reorganisation, the Company has arranged a dual currency syndicated term loan facility (the "**Loan Facility**") with a group of participating financial institutions including, among others, DBS Bank Ltd., Hong Kong Branch, The Hongkong and Shanghai Banking Corporation Limited, Deutsche Bank AG, London Branch, Deutsche Bank AG, Singapore Branch, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Hong Kong Branch and Morgan Stanley Senior Funding, Inc.. The Loan Facility will consist of a Hong Kong dollar tranche and a United States dollar tranche. The Loan Facility will be used to (i) finance partially the Pre-IPO Dividend, (ii) pay the fees and expenses, and fund the account for interest payment, incurred in respect of the Loan Facility and (iii) fund our general corporate purposes.

The Loan Facility will be guaranteed by certain offshore holding companies within the Group, all present and future 100% owned offshore subsidiaries of the Group and partially-owned offshore subsidiaries of the Group in which the minority interests are beneficially and solely owned or controlled by the Franshion Group (referred to below in this section as the "**Guarantors**").

A summary of the terms of the Loan Facility is set out below:

- Principal amount: up to HK$4,000 million in aggregate;
- Interest rate: HIBOR/LIBOR plus a margin of 2.10% per annum (with adjustment for default interest); and

- Final maturity: three years from the date of the underlying agreement for the Loan Facility (the "**Facility Agreement Date**").

The Loan Facility includes the following material covenants and events of default:

- Consolidated Total Debts[1] to Total Market Value of the Properties and other hotels acquired by the Group after the Facility Agreement Date (the "**Spin-off Properties**")[2] shall not exceed 40%.

- Consolidated Secured Debts[3] to Total Market Value of the Spin-off Properties[2] shall not exceed 20%.

- Consolidated Onshore Debts[4] to Total Market Value of the Spin-off Properties[2] shall not exceed 35%.

Notes:

(1) "**Consolidated Total Debts**" means at any time the aggregate amount of all obligations of the Group for or in respect of Borrowings but excluding any such obligations to any other member of the Group and so that no amount shall be included or excluded more than once.

"**Borrowings**" means, at any time, the outstanding principal, capital or nominal amount and any fixed or minimum premium payable on prepayment or redemption of any indebtedness for or in respect of Financial Indebtedness (other than any of Financial Indebtedness under paragraph (g) of that definition as set out below) and any amount raised by the issue of redeemable shares which are redeemable or where the holders have the right to redeem before the final maturity date.

"**Financial Indebtedness**" means any indebtedness for or in respect of (a) moneys borrowed; (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent; (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument; (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Hong Kong, be treated as a finance or capital lease; (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis); (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing; (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account); (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

(2) "**Total Market Value of the Spin-off Properties**" means, at any time, the aggregate of the valuation of the Spin-off Properties as shown in the latest valuation reports delivered to or otherwise obtained by the facility agent pursuant to the underlying agreement for the Loan Facility.

(3) "**Consolidated Secured Debts**" means at any time, the Consolidated Total Debts at that time that are secured by any security or any arrangement having a similar effect over the assets of any member of the Group.

(4) "**Consolidated Onshore Debts**" means, at any time, the Consolidated Total Debts at that time that are owed by any member of the Group that is established in the PRC.

- Consolidated Tangible Net Worth[(5)] shall not be less than HK$5,500 million.
- (Consolidated EBITDA[(6)] minus the Consolidated Onshore Interest Expenses[(7)]) to the Consolidated Offshore Interest Expenses[(8)] shall not be less than 2.5 times.

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(5) "**Consolidated Tangible Net Worth**" means, at any time, the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the Company and the amount standing to the credit of the reserves of the Group, but deducting:

(a) any debit balance on the consolidated profit and loss account of the Group;

(b) (to the extent included) any amount shown in respect of goodwill (including goodwill arising only on consolidation) or other intangible assets of the Group;

(c) any amount in respect of non-controlling interests in any subsidiary of the Company;

(d) (to the extent included) any provision for deferred taxation;

(e) (to the extent included) any amounts arising from an upward revaluation of assets made at any time after 31 December 2013; and

(f) any amount in respect of any dividend or distribution declared, recommended or made by any member of the Group to the extent payable to a person who is not a member of the Group and to the extent such distribution is not provided for in the most recent financial statements,

and so that no amount shall be included or excluded more than once.

(6) "**Consolidated EBITDA**" means, for any relevant period, the Consolidated EBIT for that relevant period before deducting any amount attributable to amortisation of goodwill or depreciation of tangible assets.

"**Consolidated EBIT**" means, for any relevant period, the consolidated operating profits of the Group for that relevant period before taxation:

(a) before deducting any Consolidated Interest Expense for that relevant period;

(b) before taking into account any items treated as exceptional or extraordinary items; and

(c) after deducting the amount of any profit of any member of the Group which is attributable to non-controlling interests,

in each case, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining the operating profits of the Group before taxation.

"**Consolidated Interest Expenses**" means, for any relevant period, the aggregate amount of interest, commission, fees, discounts, prepayment penalties or premiums and other finance payments in respect of Borrowings whether accrued, paid or payable and whether or not capitalised by any member of the Group in respect of that Relevant Period:

(a) excluding any such obligations owed to any other member of the Group;

(b) including the interest element of leasing and hire purchase payments;

(c) including any amounts paid, payable or accrued by any member of the Group to counterparties under any interest rate hedging instrument; and

(d) deducting any amounts paid, payable or accrued by counterparties to any member of the Group under any interest rate hedging instrument.

(7) "**Consolidated Onshore Interest Expenses**" means, for any relevant period, the Consolidated Interest Expenses for that relevant period that are accrued, paid or payable by any member of the Group that is established in the PRC.

(8) "**Consolidated Offshore Interest Expenses**" means, for any relevant period, the Consolidated Interest Expenses for that relevant period that are accrued, paid or payable by any member of the Group that is not established in the PRC.

- Certain customary covenants restrict or prohibit (subject to certain agreed exceptions), among other things, (i) encumbrances on any offshore assets of the Company and the Guarantors (together, the "**Obligors**"), Jin Mao Tower (excluding Grand Hyatt Shanghai) and The Westin Beijing Chaoyang; (ii) pledge of the Spin-off Properties owned by the Guarantors for any financings to any member of the Group which is a non-Obligor incorporated outside China or any of its subsidiaries and affiliates; (iii) disposal of assets by any member of the Group (unless (a) the proceeds will be applied towards prepayment or reinvestment in accordance with the terms of the Loan Facility; (b) such disposal is to a wholly-owned subsidiary of the Company or (c) such disposal is by way of leases or licenses, subject to certain conditions); (iv) financial indebtedness by any Guarantor or any of its subsidiaries to support certain restricted members of the Group or any of their subsidiaries or affiliates; (v) any derivative transactions for speculative purposes by any member of the Group; (vi) any loans, advances, credit, guarantee, indemnity or other assurance by any Obligor or any member of the Group to or for the benefit of any obligation of any person except as set out in the Loan Facility; (vii) change of the Trustee-Manager, unless such change is made in compliance with the Trust Deed and in accordance with the procedures and notice requirements set out in the Loan Facility; (viii) change in the Trust Deed unless such change is agreed by the majority lenders; and (ix) change in hotel management agreements that might reasonably be expected to have a material adverse effect on the business of the relevant Spin-off Property, unless such change is agreed by the majority lenders.

- Ownership requirements (subject to certain agreed exceptions) include (i) maintenance of listing status of the Share Stapled Units; (ii) maintenance of Franshion's holdings of not less than 51% of the Share Stapled Units and Franshion's 100% ownership interest in the Trustee-Manager; (iii) maintenance of the Trustee-Manager's 100% ownership interest in the Ordinary Shares of the Company; and (iv) maintenance of the Company's shareholding in the Spin-off Properties, the hotel holding companies and certain offshore holding companies within the Group.

- Events of default include, among other things, (i) non-payment; (ii) breach of financial covenants or undertakings; (iii) misrepresentation; (iv) cross-default; (v) insolvency; (vi) creditors' process; (vii) cessation of business; (viii) cessation of the listing status of the Share Stapled Units' on the Stock Exchange; (ix) change of ownership of the Obligors; (x) unlawfulness; (xi) material adverse change; (xii) nationalisation; (xiii) litigation with a material adverse effect; and (xiv) substantial property damage which has a material adverse effect.

The Loan Facility is repayable in full upon final maturity. The Group intends to refinance or renew the Loan Facility on maturity or earlier through sources that it deems appropriate at that time. The Group will continue to analyse which sources of capital are most advantageous to the Group at any particular time.

Amounts Due from/to Related Parties

We had significant amounts due from/to related parties during the Track Record Period.

The following table sets out a breakdown of our amounts due from and to related parties as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Amounts due from related parties			
Fellow subsidiaries	5,225,638	4,206,434	396,867
Joint ventures of Franshion	3,293	2,109	—
	5,228,931	**4,208,543**	**396,867**
Amounts due to related parties			
Immediate holding company	104	94	84
Fellow subsidiaries	5,060,144	4,809,180	185,449
Joint ventures	1,050	557	4,563
Joint ventures of Franshion	—	—	318
	5,061,298	**4,809,831**	**190,414**
Net amounts due from/(due to) related parties	**167,633**	**(601,288)**	**206,453**

During the Track Record Period, amounts due from related parties primarily consisted of advances and entrusted loans from the Group to fellow subsidiaries and joint ventures of Franshion for the purposes of their general financing needs. We had certain amounts due from related parties which were interest-bearing and repayable within one year, including HK$1,128.7 million as at 31 December 2011, with annual interest rates ranging from 7.0% to 7.9%, and HK$381.6 million as at 31 December 2013, with an annual interest rate of 6.0%. The remaining amounts due from related parties were interest free and repayable on demand. All of amounts due from related parties during the Track Record Period were unsecured and were classified as current assets.

During the Track Record Period, amounts due to related parties primarily consisted of temporary capital contributions through advances and entrusted loans from the Franshion Group to the Group as part of centralised cash management to finance our funding needs. Amounts due to related parties included HK$3,145.4 million as at 31 December 2011, bearing annual interest rates ranging from 4.6% to 6.6%, and HK$986.6 million as at 31 December 2012, bearing an annual interest rate of 6.6%, both of which were repayable within one year. The remaining balances due to related parties were interest free and repayable on demand. All of amounts due to related parties were unsecured and classified as current liabilities.

The balances with related parties decreased significantly from 2012 to 2013. The outstanding balances of the amounts due to related parties will be netted off against the amounts due from related parties and will be settled upon the Listing.

Planned Issuance of Mid-Term Notes

On 14 March 2014, we registered for a proposed issuance of mid-term notes of RMB1,000.0 million (the "**Mid-Term Notes**") with the National Association of Financial Market Institutional Investors in China. The registration of the Mid-Term Notes remains valid for two years. We plan to issue the Mid-Term Notes with a three-year term by the end of August 2014. The actual issue amount and interest rate of the Mid-Term Notes will be determined prior to the issuance. The issuance of the Mid-Term Notes depends on the conditions in the credit markets and the overall economy. The investors in the Mid-Term Notes are certain qualified inter-bank market institutions. We intend to issue the Mid-Term Notes to finance our bank loan repayment.

From time to time, we may also seek to obtain further financing to fund our working capital and capital expenditure with internally generated funds, bank borrowings and other funds raised from domestic and international capital markets.

INDEBTEDNESS STATEMENT

As at 30 April 2014, being the latest practicable date for the purpose of the indebtedness statement, (i) we had total interest-bearing bank and other borrowings of HK$5,399.6 million; (ii) the total balance of our interest-bearing bank and other borrowings on demand or due within one year was HK$3,347.0 million; and (iii) we had unutilised banking facilities of approximately HK$5,297.1 million, which were committed and without uncommon restriction on draw-down.

As at 30 April 2014, other than those disclosed in *"— Indebtedness"* and *"— Contingent Liabilities"*, we had no other debt securities, borrowings, debts, mortgages, contingent liabilities or guarantees. Since 31 December 2013, there has been no material adverse change to our indebtedness.

In addition to the financial and operating covenants we agreed to under our bank borrowings and the Loan Facility as described above in *"— Indebtedness"*, our current bank borrowings and other debt financing arrangements do not carry any material, non-customary restrictive covenants.

RELATED PARTY TRANSACTIONS

Amounts Due from/to Related Parties

See *"— Indebtedness — Amounts Due from/to Related Parties"* for details.

Balances with Sinochem Finance

During the Track Record Period, the Group borrowed certain loans from Sinochem Finance, which is engaged in the commercial lending business in China. See *"— Indebtedness — Interest-bearing Bank and Other Borrowings"*.

As at 31 December 2011, 2012 and 2013, the Group had deposits of HK$0.9 million, HK$3.9 million and HK$2.7 million, respectively, placed with a subsidiary of the Sinochem Group, which is approved by the PBOC and is engaged in the commercial deposit and lending businesses in China. The annual interest rates on these deposits were 0.5% for FY2011, 0.4% to 0.5% for FY2012 and 0.4% for FY2013, respectively.

The outstanding balances of loans from, and deposits with, Sinochem Finance will be settled prior to the Listing.

Other than amounts due from/to related parties as described in *"— Indebtedness — Amounts Due from/to Related Parties"* and balances with Sinochem Finance as described above, the Group had no outstanding balances with related parties as at the end of FY2011, FY2012 and FY2013.

Land Acquisitions from Related Parties

In 2012, the Group acquired a parcel of land in Lijiang with a carrying amount of approximately HK$61.7 million from a subsidiary of the Franshion Group at a cash consideration of approximately HK$61.7 million. The land was acquired as a part of the development of Grand Hyatt Lijiang. The consideration was determined with reference to the carrying amount of the land immediately before the acquisition.

Land Disposal to Related Parties

In 2013, the Group disposed of a parcel of land in Lijiang with a carrying amount of approximately HK$95.6 million to a subsidiary of the Franshion Group at a cash consideration of approximately HK$95.6 million. The land was disposed of as it was decided not to be used for hotel development. The consideration was determined with reference to the carrying amount of the land immediately before the disposal.

Financial Guarantees and Mortgages as Security Interest for Related Parties

During the Track Record Period, the Group provided guarantees to a bank in connection with bank facilities granted to a subsidiary of the Franshion Group. As at 31 December 2011, 2012 and 2013, these bank facilities amounted to HK$9,868.0 million, HK$9,866.4 million and HK$10,175.2 million, respectively. In addition, a bank facility granted to a subsidiary of the Franshion Group was secured by (i) mortgages over certain of the Group's hotel properties and buildings with an aggregate net carrying amount of approximately HK$1,941.8 million, HK$1,998.2 million and HK$2,059.2 million as at 31 December 2011, 2012 and 2013, respectively; and (ii) mortgages over certain of the Group's investment properties with an aggregate net carrying amount of approximately HK$3,736.2 million, HK$1,609.6 million and HK$1,778.6 million as at 31 December 2011, 2012 and 2013, respectively. The fair value of the guarantee is not significant and the Company Directors consider that the risk of default in payment is remote, and therefore no provision for the guarantee has been made. We have obtained consent from, or entered into agreements with, the relevant financial institutions to release the financial guarantee by the Group and mortgages over the Group's assets for related parties upon the Listing.

Other Material Transactions with Related Parties

The following table sets out a breakdown of our other material transactions with related parties during the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Transactions with fellow subsidiaries			
Receiving of decoration services	15,479	33,159	206,627
Provision of property management services	6,474	12,235	23,884
Receiving of advertising services	1,579	615	—
Rental income	77,266	89,384	96,646
Income from hotel operations	214	—	—
Interest income	99,470	31,156	29,269
Interest expenses	88,736	111,972	39,037
Transaction with joint ventures			
Rental income	296	—	—
Transactions with ultimate holding company			
Income from hotel operations	13	—	—
Compensation of key management personnel of the Group	9,986	10,708	11,268

During the Track Record Period, we engaged a company in the Franshion Group to provide decoration services in connection with our hotel renovation and development activities. During the Track Record Period, we derived income from property management services to certain properties of the Franshion Group and leasing of certain office areas in Jin Mao Tower to the members of the Sinochem Conglomerate.

Interest income related to the entrusted loans from the Group to the Franshion Group and deposits placed with Sinochem Finance, which is engaged in the commercial deposit and lending businesses in China. Interest expenses related to entrusted loans from the Franshion Group as well as the loans from Sinochem Finance. For FY2011, 2012 and 2013, interest income was determined at annual rates ranging from 0.5% to 7.9%, 0.4% to 7.9% and 0.4% to 7.5%, respectively, and interest expenses were charged at annual rates ranging from 4.6% to 6.6%, 5.0% to 6.6% and 5.0% to 6.4%, respectively.

The Directors confirm that all related party transactions are conducted on normal commercial terms and their terms are fair and reasonable to the Group.

See *"Connected Transactions"* and Notes 23 and 34 to the Accountant's Report in *"Appendix I — Accountants' Report"* for further details.

LIQUIDITY AND CAPITAL MANAGEMENT

During the Track Record Period, we funded our capital requirements primarily through income generated from our operations, bank borrowings and advances from related parties. The Trust Group may use funding from future fund raising transactions, credit facilities and cash flow from operations to finance working capital, debt service requirements and capital expenditure. We did not experience any liquidity shortage during the Track Record Period.

We expect to incur cash outflows for payments of capital expenditures for our hotel development, pre-opening expenses incurred by the Hotels Under Development and renovation of the Properties.

- *Hotel Development and Pre-opening Expenses*: As part of our growth strategy, we have been in the process of hotel network expansion through development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel. As the hotel development projects require substantial capital expenditure for land acquisition and construction, we incurred significant cash outflows to finance the development costs during the Track Record Period. We will continue to incur a significant amount of capital expenditure for hotel development in FY2014. However, the funding needs for such a significant amount of capital expenditure and pre-opening expenses for these three hotels are non-recurring. Hyatt Regency Chongming opened in March 2014. Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are both expected to commence operations by the end of 2014. Upon completion of development of these three hotels in 2014, our total capital expenditure is expected to reduce significantly after 2014. See "— *Forecast Capital Expenditure*" for more details.

- *Property Renovation*: While we will continue to incur capital expenditure for maintenance and renovation of the Properties, including the ongoing room renovation for Grand Hyatt Shanghai, which is expected to be completed by the end of 2014, and the planned major renovation project for Hilton Sanya Resort and Spa, such renovation capital expenditures will be significantly lower compared to those incurred for hotel development. No major renovations are currently planned for other Completed Hotels.

- *Sources of funding for capital expenditure*: We expect to finance our capital expenditure (hotel development, renovation and maintenance) through our internal funds, bank borrowings and other funds raised from capital markets. See "— *Management of Cash and Funding Resources*" below for more details.

We seek to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans.

- *Bank borrowings*: In addition to internal funds, we financed the business operations and capital expenditures primarily through interest-bearing bank and other borrowings, in particular short-term bank loans. Mainly as a result of our development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance

Beijing Wangfujing Hotel, we recorded net current liabilities and a relatively high level of indebtedness during the Track Record Period. We expect our debt financing requirements will significantly reduce after 2014, in line with the expected decrease in capital expenditure as discussed above.

- *Other loans and borrowings*: There are existing inter-company loans between the Group and the Franshion Group and between the Group and the Sinochem Finance, all of which will be repaid on or prior to the Listing Date. In addition, we have arranged the Loan Facility to finance partially the Pre-IPO Dividend and plan to issue the Mid-Term Notes by the end of August 2014. See *"— Indebtedness*" for more details of the Loan Facility and the planned issuance of the Mid-Term Notes.

- *Sources of funding for debt repayment*: Going forward, we expect to finance our debt service requirements with net cash flows generated from our operations and additional debt or equity financing. See "— *Management of Cash and Funding Resources*" below for more details.

Management of Cash and Funding Resources

We seek to manage our working capital to monitor collection and deployment of our funds. We use annual budget, supplemented by monthly cash flow projections, to forecast and manage our cash inflows and outflows. In particular, we prepare cash flow and funding summaries on a monthly basis to monitor our cash flow in connection with hotel developments costs, renovation and maintenance costs, financings, repayments of loans, taxes and other expenses. Our finance department also prepares periodic cash flow reports for the senior management to monitor and manage collection and use of cash.

We expect to record cash inflows from hotel operations, property leasing and ancillary businesses, including operating the observation deck in Jin Mao Tower and providing property management services. We expect to record additional cash inflows from hotel operations after Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel commence operations, which will further improve our cash and liquidity position.

As at 30 April 2014, we had total loan facilities of HK$9,752.5 million, of which HK$4,455.4 million had been utilised. We monitor our indebtedness level by reviewing the gearing ratio. See *"— Key Financial Ratios — Gearing Ratio*". We also monitor our indebtedness level generally through monthly review of our management accounts including balance sheets, statements of profit or loss and cash flow statements to assess our financial condition and maintain our indebtedness at a reasonable level. As at 30 April 2014, we had a total outstanding balance of HK$3,347.0 million of interest-bearing bank and other borrowings that mature within one year. Historically, we have not experienced any difficulty in refinancing our bank borrowings. In FY2011, FY2012 and FY2013, we made 37, 54 and 44 refinancing arrangements with respect to our short term (mature within one year) borrowings, respectively, through which we refinanced our short term borrowings in an aggregate amount of HK$9,686.8 million, HK$8,780.2 million and HK$8,433.7 million, respectively. Of the total balance of HK$3,347.0 million of interest-bearing bank and other borrowings that mature within one year as at 30 April 2014, we expect that no less than HK$3,000 million can be renewed, subject to our future financing needs and evaluation of available funds from other sources of funding. Given our high credit rating, long-term business relationships with a number of major commercial banks and track record of bank loan repayment, the Directors are of the opinion that most of the borrowings that mature within one year are able to be renewed. In addition, in the opinion of the Directors, the Group is expected to have adequate sources of funding to finance our debt service requirements, after taking into account the following debt refinancing arrangements and liquidity factors:

- as at 30 April 2014, we had cash and bank balances of HK$1,097.0 million and unutilised banking facilities of approximately HK$5,297.1 million, which were committed and without uncommon restriction on draw-down;
- we have registered for a proposed issuance of the three-year Mid-Term Notes with a registered amount of RMB1,000.0 million, which are expected to be used to finance our bank loan repayment;
- we have the proven ability to obtain debt financing and service our indebtedness. The Directors confirmed that we did not have any material default in payment of bank borrowings and other debt financing obligations during the Track Record Period;
- our high credit rating, long-term business relationships with a number of major commercial banks and track record of bank loan repayment have allowed us to be able to obtain low-interest bearing short-term bank loans with no security interest over our non-current assets;
- after taking into account the draw down of the Loan Facility and our planned issuance of the Mid-Term Notes, we expect our gearing ratio to remain at a reasonable level after the Listing;
- going forward, we expect to have continuous access to bank loans and may also seek to obtain new sources of capital by accessing the international capital markets, while we expect our debt financing requirements will significantly reduce after 2014; and
- we will continue to generate operating cash inflows, including additional cash inflows from hotel operations after Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel commence operations.

We seek to manage the level of our liquid assets to ensure the availability of sufficient cash flows to meet any unexpected cash requirements arising from our business. We will continue to assess available resources to finance our business needs on an ongoing basis and plan and adjust our hotel development and renovation schedule or implement cost control measures if necessitated by our then-existing financial conditions and cash requirements.

We intend to continue to access existing capital, and to seek new sources of funding, to maintain and grow our business on a cost-effective basis.

Working Capital Sufficiency

After taking into consideration the financial resources available to the Group, including our internally generated cash, our available credit and financing facilities and the estimated net proceeds of the Global Offering, and the Pre-IPO Dividend and in the absence of unforeseeable circumstances, the Directors confirm, and the Joint Sponsors concur, that we have sufficient working capital for our present requirements for at least the next 12 months from the date of this prospectus. The Joint Sponsors are of the view that the Directors have prepared the working capital sufficiency statement above after due and careful enquiry.

Thereafter, we expect to finance our operations and our debt service requirements with net cash flows generated from our operations and, if required, additional debt or equity financing. Our ability to obtain additional funding required for increased capital expenditure in the future beyond our anticipated cash needs for the next 12 months following the date of this prospectus, however, is subject to a variety of uncertainties, including the future results of our operations, financial condition and cash flows and economic, political and other conditions in the PRC and elsewhere. The issue of additional equity or equity-linked securities may result in additional dilution to Holders of Share Stapled Units.

The Directors confirmed that we did not have any material default in payment of trade and non-trade payables, bank borrowings and other debt financing obligations and/or breaches of finance covenants during the Track Record Period.

SENSITIVITY ANALYSES

Sensitivity Analysis on Occupancy Rate

The following table illustrates the sensitivity of the profit before tax to occupancy rate for FY2013:

% point change in occupancy rate(1)	-2.5%	+2.5%
Impact on the profit before tax for FY2013 (HK$ in millions)	-46.9	46.9

Note:

(1) Calculated on the basis of the individual Hotels.

Sensitivity Analysis on Average Room Rate

The following table illustrates the sensitivity of the profit before tax to average room rate for FY2013:

% change in average room rate(1)	-2.5%	+2.5%
Impact on the profit before tax for FY2013 (HK$ in millions)	-31.7	31.7

Note:

(1) Calculated on the basis of the individual Hotels.

Sensitivity Analysis on Fair Value Gains on Investment Properties

The following table illustrates the sensitivity of the profit before tax to fair value gains on investment properties for FY2013:

% change in fair value gains on investment properties	-10%	-5%	+5%	+10%
Impact on the profit before tax for FY2013 (HK$ in millions)	-84.3	-42.2	42.2	84.3

The above sensitivity analyses are intended for reference only, and any variation could exceed the ranges given. Investors should note in particular that (i) these sensitivity analyses are not intended to be exhaustive and are limited to the impact of respective changes in occupancy rate and average room rate for FY2013 and (ii) our results of operations are subject to further and additional uncertainties generally.

CASH FLOW

Overview

The following table sets out a summary of our net cash flow for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Net cash from/(used in) operating activities	(77,865)	2,761,783	1,411,139
Net cash from/(used in) investing activities	(1,106,688)	937,632	(853,450)
Net cash from/(used in) financing activities	605,137	(3,340,183)	(760,638)
Net (decrease)/increase in cash and cash equivalents	(579,416)	359,232	(202,949)
Cash and cash equivalents at the beginning of the year	1,530,216	989,475	1,359,880
Effect of foreign exchange rate changes, net	38,675	11,173	26,406
Cash and cash equivalents at the end of the year	**989,475**	**1,359,880**	**1,183,337**

Cash From Operating Activities

We derived our cash from operating activities primarily from the operations and management of the Properties during the Track Record Period. Our working capital requirements related primarily to funding our hotel operations, property leasing and other ancillary businesses and sales and marketing activities and maintenance performed at the Hotels.

Our net cash generated from operating activities was HK$1,411.1 million in FY2013, primarily reflecting profit before tax of HK$1,367.6 million, adjustments for finance costs of HK$333.8 million, adjustments for depreciation of HK216.2 million and a decrease in amounts due from related parties of HK$4,193.2 million, partially offset by adjustments for fair value gains on investment properties of HK$843.1 million and a decrease in amounts due to related parties of HK$3,632.8 million. The decrease in amounts due from related parties and the decrease in amounts due to related parties were primarily due to transfers of interest-free advances under inter-group funding arrangements.

Our net cash generated from operating activities was HK$2,761.8 million in FY2012, primarily reflecting profit before tax of HK$794.5 million, adjustments for finance costs of HK$536.2 million, adjustments for depreciation of HK$216.4 million and an increase in amounts due to related parties of HK$1,907.3 million, partially offset by adjustments for fair value gains on investment properties of HK$460.5 million and an increase in amounts due from related parties of HK$108.3 million. The increases in amounts due from related parties and amounts due to related parties were primarily due to transfers of interest-free advances under inter-group funding arrangements.

Our net cash used in operating activities was HK$77.9 million in FY2011, primarily reflecting an increase in amounts due from related parties of HK$3,169.1 million, adjustments for fair value gains on investment properties of HK$157.0 million and a decrease in other payables and accruals of HK$149.9 million primarily attributable to a decrease in tax payables as a result of an urban real estate tax exemption granted to JW Marriott Hotel Shenzhen in 2011 under certain tax preferential policies, partially offset by profit before tax of HK$509.9 million, adjustments for finance costs of HK$501.8 million, adjustments for depreciation of HK$214.6 million and an increase in amounts due to related parties of HK$2,048.0 million. The significant increases in amounts due from related parties and amounts due to related parties were primarily due to transfers of interest-free advances under inter-group funding arrangements.

Cash From/Used in Investing Activities

In FY2013, our net cash used in investing activities was HK$853.5 million. The net cash outflow primarily consisted of purchases of property, plant and equipment of HK$743.4 million and an increase in amounts due from related parties of HK$381.6 million, partially offset by a decrease in pledged deposits of HK$220.8 million. The purchases of property, plant and equipment were primarily attributable to hotel construction and renovation costs. The increase in amounts due from related parties was primarily attributable to the entrusted loans from the Group to the Franshion Group as part of inter-group funding arrangements. The decrease in pledged deposits was primarily attributable to our bank loan refinancing arrangements, by which certain loans denominated in U.S. dollars that were secured by a pledge of our Renminbi deposits were replaced by loans not secured by the pledge of our Renminbi deposits.

In FY2012, our net cash from investing activities was HK$937.6 million. The net cash inflow primarily consisted of a decrease in amounts due from related parties of HK$1,128.7 million, a decrease in time deposits of HK$86.2 million, partially offset by purchases of property, plant and equipment of HK$208.6 million and additions to prepaid land lease payments of HK$83.9 million. The decrease in amounts due from related parties was primarily attributable to settlement of certain entrusted loans from the Group to the Franshion Group as part of inter-group funding arrangements. The purchases of property, plant and equipment were primarily attributable to the hotel construction and renovation costs. Additions to prepaid land lease payments were primarily attributable to our land acquisition for hotel development in Lijiang.

In FY2011, our net cash used in investing activities was HK$1,106.7 million. The net cash outflow primarily consisted of an increase in amounts due from related parties of HK$1,128.7 million, purchases of property, plant and equipment of HK$58.2 million and an increase in time deposits of HK$54.4 million, partially offset by a decrease in pledged deposits of HK$140.6 million. The increase in amounts due from related parties was primarily attributable to the entrusted loans from the Group to the Franshion Group as part of inter-group funding arrangements. The purchases of property, plant and equipment comprised primarily hotel construction and renovation costs. The decrease in pledged deposits was primarily due to release of pledge of our Renminbi deposits as a result of our bank loan refinancing arrangements.

Cash Used in Financing Activities

In FY2013, our net cash used in financing activities was HK$760.6 million. The net cash outflow primarily consisted of repayment of bank and other borrowings of HK$11,104.3 million and a decrease in amounts due to related parties of HK$986.6 million, partially offset by new bank and other borrowings of HK$11,254.3 million. The decrease in amounts due to related parties was primarily attributable to settlement of entrusted loans from the Franshion Group to the Group as part of inter-group funding arrangements.

In FY2012, our net cash used in financing activities was HK$3,340.2 million. The net cash outflow primarily consisted of repayment of bank and other borrowings of HK$10,108.1 million and a decrease in amounts due to related parties of HK$2,158.8 million, partially offset by new bank and other borrowings of HK$8,917.4 million. The decrease in amounts due to related parties was primarily attributable to settlement of entrusted loans from the Franshion Group to the Group as part of inter-group funding arrangements.

In FY2011, our net cash from financing activities was HK$605.1 million. The net cash inflow primarily consisted of new bank and other borrowings of HK$5,779.2 million and an increase in amounts due to related parties of HK$2,557.8 million, partially offset by repayment of bank and other borrowings of HK$6,965.0 million and interest payment of HK$457.5 million. The increase in amounts due to related parties was primarily attributable to entrusted loans from the Franshion Group to the Group as part of inter-group funding arrangements.

CAPITAL EXPENDITURE

Capital expenditure incurred by the Group during the Track Record Period primarily related to hotel development and construction and periodic renovation of the Properties. For FY2011, FY2012 and FY2013, we incurred total capital expenditure of HK$98.8 million, HK$331.9 million and HK$1,155.4 million, respectively. The continued increase in our capital expenditure during the Track Record Period was primarily due to hotel development and construction expenditures incurred in connection with Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel. The following table sets out the major capital expenditure for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Hyatt Regency Chongming	14,696	126,578	363,059
Grand Hyatt Lijiang	30,987	109,892	443,754
Renaissance Beijing Wangfujing Hotel	3,429	24,153	253,231

COMMITMENTS

Capital Commitments

The following table sets out our capital commitments (not including operating lease commitments) as at the dates indicated:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Contracted but not provided for:			
Property, plant and equipment	76,692	891,170	925,790

Our commitments for expenditure of property, plant and equipment increased significantly in both 2012 and 2013, as compared to 2011, primarily due to contracted amounts for development of Hyatt Regency Chongming, Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel. The following table sets out our major commitments for expenditure of property, plant and equipment as at 31 December 2013:

	As at 31 December 2013
	(HK$'000)
Capital commitments attributable to:	
Hyatt Regency Chongming	68,295
Grand Hyatt Lijiang	522,267
Renaissance Beijing Wangfujing Hotel	286,053

Operating Leasing Commitments

As a lessor, we lease investment properties under operating leases. The following table sets out our total future minimum lease receivables under non-cancellable operating leases with our tenants falling due as follows:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Within one year	411,187	507,389	528,364
In the second to fifth years, inclusive	336,468	375,525	449,364
After five years	1,026	—	—
Total	**748,681**	**882,914**	**977,728**

As a lessee, we rent certain office properties under operating leases. The leases for properties we rent were negotiated for terms ranging from one to six years.

The following table sets out the total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Within one year	2,763	3,290	3,403
In the second to fifth years, inclusive	389	5,212	2,410
Total	**3,152**	**8,502**	**5,813**

FORECAST CAPITAL EXPENDITURE

The following table sets out our major forecast capital expenditure for the periods indicated:

	Year ended 31 December		
	2014E	2015E	2016E
	(RMB in millions)	(RMB in millions)	(RMB in millions)
Renaissance Beijing Wangfujing Hotel	355.0	68.5	25.1
Grand Hyatt Lijiang	662.5	122.9	32.6
Hilton Sanya Resort and Spa	10.8	67.1	31.7

In the foreseeable future, we expect to incur capital expenditure mainly for Hotels under Development, including Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang, and planned renovation for Hilton Sanya Resort and Spa. No major renovations are currently planned for other Completed Hotels. The major forecast capital expenditure in 2014 also includes the estimated remaining development costs of approximately RMB291.2 million incurred on Hyatt Regency Chongming, which opened in March 2014, and the estimated renovation costs of approximately RMB17.9 million incurred on Grand Hyatt Shanghai, for which we expect to complete room renovation work by the end of 2014.

We expect to finance our capital expenditure through our internal funds, bank borrowings and other funds raised from capital markets.

Our forecast capital expenditure is based on our current plans with respect to planned capital expenditure for hotel development and major property renovation projects. Our planned capital expenditure may change as a result of changed circumstances. The actual amount of expenditure may vary from the estimated amount for a variety of reasons, including changes in market conditions, competition and other factors.

CONTINGENT LIABILITIES

As at 30 April 2014, being the latest practicable date for determining such information, except as disclosed in *"— Related Party Transactions — Financial Guarantees and Mortgages as Security Interest for Related Parties"*, we had no material contingent liabilities or guarantees. We are not currently involved in any significant litigation and we are not aware of any outstanding or threatened significant litigation. If we are involved in any such significant litigation which may incur a loss in an amount which can be reasonably estimated according to available information at that time, we will record the loss or contingent liability accordingly.

KEY FINANCIAL RATIOS

The following table sets out our key financial ratios as at the dates or for the periods indicated:

	As at or for the year ended 31 December		
	2011	**2012**	**2013**
	(%)	**(%)**	**(%)**
Current ratio(1)	65.0	60.9	36.5
Gearing ratio(2)	28.5	23.4	27.1
Debt to adjusted capital ratio(3)	36.4	24.6	36.2
Return on total assets ratio(4)	1.5	2.8	4.9
Return on equity ratio(5)	3.9	6.3	8.5

Notes:

(1) Current ratio is calculated by dividing total current assets by total current liabilities and multiplying the resulting value by 100%.

(2) Gearing ratio is calculated by dividing total interest-bearing bank and other borrowings by total assets, multiplying the resulting value by 100%.

(3) Debt to adjusted capital ratio is calculated by dividing net debt by adjusted capital, and multiplying the resulting value by 100%. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the combined statements of financial position) less cash and bank balances, restricted bank balances and pledged deposits. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to related parties.

(4) Return on total assets ratio is calculated by dividing profit for the year by total assets and multiplying the resulting value by 100%.

(5) Return on equity ratio is calculated by dividing profit for the year by total equity and multiplying the resulting value by 100%.

Current Ratio

Our current ratio decreased from 65.0% in FY2011 to 60.9% in FY2012, primarily due to a decrease in amounts due from related parties. Our current ratio decreased significantly to 36.5% in FY2013, primarily due to the decreased total current assets as a result of significantly reduced amounts due from related parties, partially offset by the decreased total current liabilities as a result of significantly reduced amounts due to related parties.

Gearing Ratio

Our gearing ratio decreased from 28.5% in FY2011 to 23.4% in FY2012, due to a decrease in interest-bearing bank and other borrowings, partially offset by a decrease in total assets mainly as a result of a decrease in amounts due from related parties. Our gearing ratio increased to 27.1% in FY2013, primarily due to an increase in interest-bearing bank and other borrowings and a decrease in total assets mainly as a result of decrease in amounts due from related parties.

Debt to Adjusted Capital Ratio

Our debt to adjusted capital ratio decreased from 36.4% in FY2011 to 24.6% in FY2012, primarily due to decreased bank and other borrowings and an increase in total equity. Our debt to adjusted capital ratio increased to 36.2% in FY2013, primarily due to increased bank and other borrowings and a decrease in amounts due to related parties.

Return on Total Assets Ratio

Our return on total assets ratio increased from 1.5% in FY2011 to 2.8% in FY2012, primarily due to an increase in profit for the year. Our return on total assets ratio increased to 4.9% in FY2013, primarily due to an increase in profit for the year and a decrease in our total assets mainly as a result of significantly reduced amounts due from related parties.

Return on Equity Ratio

Our return on equity ratio continued to increase during the Track Record Period, primarily due to increases in profit for the year, partially offset by increases in the Group's reserves.

PROPERTIES AND VALUATION

Particulars of the Hotels and the investment properties are set out in "*Business*" and in "*Appendix IV — Property Valuation*". DTZ, the independent property valuer, has valued the Hotels and the investment properties as at 31 December 2013. A summary of values and valuation certificates issued by DTZ is included in "*Appendix IV — Property Valuation*".

Valuation of the Hotels

The net book values of the Hotels are recorded as the aggregate of net carrying amount of the hotel buildings under property, plant and equipment and net carrying amount of land use rights for the Hotels under prepaid land lease payments in the combined statements of financial position set out in the Accountants' Report in *"Appendix I — Accountants' Report"*. The net book values of the Completed Hotels are stated at cost less accumulated depreciation and any impairment losses. The net book values of the Hotels Under Development are stated at cost less any impairment losses, and is not depreciated.

The following table sets out the market values of the Hotels and the net book values of the Hotels.

	As at 31 December 2013		
	Market Value of the Property	Net Book Value of the Property[(1)]	
	(RMB'000)	(RMB'000)	(HK$'000)
Completed Hotels			
Grand Hyatt Shanghai	3,129,000	1,613,399	2,052,082
The Westin Beijing Chaoyang	2,699,000	1,872,826	2,382,048
JW Marriott Hotel Shenzhen	1,979,000	790,159	1,005,003
The Ritz-Carlton, Sanya	2,997,000	796,346	1,012,872
Hilton Sanya Resort and Spa	2,695,000	511,633	650,746
Hyatt Regency Chongming	820,000	424,792	540,293
Subtotal	14,319,000	6,009,155	7,643,044
Hotels Under Development			
Renaissance Beijing Wangfujing Hotel	983,000	393,710	500,760
Grand Hyatt Lijiang	835,000	483,388	614,821
Subtotal	1,818,000	877,098	1,115,581
Total	**16,137,000**	**6,886,253**	**8,758,625**

Note:

(1) Recorded as the aggregate of net carrying amount of the hotel buildings under property, plant and equipment and net carrying amount of land use rights for the Hotels under prepaid land lease payments in the combined statements of financial position set out in the Accountants' Report in *"Appendix I — Accountants' Report"*.

Valuation of the Investment Properties

Our investment properties are located in Jin Mao Tower. The net book value of investment properties is stated at fair value under investment properties in the combined statements of financial position set out in the Accountants' Report in *"Appendix I — Accountants' Report"* and was appraised by an independent third-party valuer who has appraised our investment properties since 2008 for the purposes of annual reports and interim reports. The net book value of investment properties as at 31 December 2013 (as stated under investment properties in the combined statements of financial position) was HK$8,934.7 million. In connection with the Global Offering, DTZ was engaged to appraise the Hotels, our investment properties and other properties held by the Group. The market value of the investment properties as at 31 December 2013 was RMB7,949.0 million. While the investment properties as appraised by DTZ comprise (i) the office and retail areas (including the office area occupied by the Group for self use), (ii) the observation deck and (iii) car park spaces, the investment properties as set out in the combined statements of financial position in the Accountants' Report comprise (i) the office and retail areas (excluding the office area occupied by the Group for self use) and (ii) the car park spaces.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT MARKET RISK

The main market risks arising from our operations were interest rate risk, foreign currency risk, credit risk and liquidity risk during the Track Record Period.

Interest Rate Risk

We are exposed to interest rate risks, primarily relating to our long term debt obligations with floating interest rates. Our floating rate borrowings will be affected by fluctuations of prevailing market interest rates and will expose us to cash flow interest rate risk. Our policy is to manage our interest cost using a mix of fixed and variable rate debts, and to maintain approximately 30% of our interest-bearing borrowings at fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of our profit before tax (through the impact on floating rate borrowings) for the periods indicated:

	Year ended 31 December		
	2011	2012	2013
	(HK$'000)	(HK$'000)	(HK$'000)
Increase of 27 basis points			
Floating rate borrowings denominated in RMB	(8,991)	(5,750)	(8,784)
Floating rate borrowings denominated in US$	(122)	(57)	(163)
Decrease of 27 basis points			
Floating rate borrowings denominated in RMB	8,991	5,750	8,784
Floating rate borrowings denominated in US$	122	57	163

The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and has been applied to the exposure to interest rate risk for borrowings in existence at the statement of financial position date. The 27 basis-point increase or decrease represents our management's assessment of a reasonably possible change in those interest rates, which have the most impact on us over the period until the end of next reporting period.

Foreign Currency Risk

Currently, our PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the SAFE. Our PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. However, foreign currency transactions on the capital account are still subject to limitations and require approval from the SAFE, which could affect the ability of our PRC subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

Our financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits denominated in U.S. dollars. The fluctuations in the exchange rates of Renminbi against foreign currencies could affect our results of operations.

There are limited hedging instruments available in the PRC to reduce our exposure to exchange rate fluctuations between Renminbi and other currencies. We have not entered into any hedging transactions against foreign currency risks. While we may seek to enter into hedging transactions in the future, the availability and effectiveness of currency hedging transactions may be limited, and we may not be able to hedge our exposure to foreign currency risks successfully, or at all.

Credit Risk

We are exposed to credit risk from our property leasing activities, the provision of hotel and property management services and our financing activities, including deposits with banks and financial institutions. For our property leasing business, we manage credit risk by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of each reporting period is the carrying value of each class of financial asset.

Liquidity Risk

We seek to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

See Note 37 to the Accountants' Report in *"Appendix I — Accountants' Report"* for further details.

DIVIDEND AND DISTRIBUTION POLICY

No dividends have been declared by the Company or the subsidiaries now comprising the Group to their then equity owners during the Track Record Period. On 13 June 2014, the Company Board declared the Pre-IPO Dividend to Franshion of an amount which is equal to the aggregate of (a) the net proceeds from the Global Offering (after deducting an amount of approximately HK$631.8 million representing the sum of (i) approximately HK$31.8 million for the settlement of the fee for the provision of the Project Consulting Services pursuant to the Project Consulting Agreement and (ii) approximately HK$600.0 million to be paid to Franshion for the settlement of the existing inter-company loans between the Group and the Franshion Group which are interest free, repayable on demand and which have not been repaid prior to the Listing Date) and (b) the net proceeds from the draw down of the Loan Facility on the Listing Date of an amount which is no less than HK$3,000 million. Based on the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the entire principal amount of the Loan Facility is drawn down by the Company on the Listing Date, the maximum amount of the Pre-IPO Dividend is estimated to be approximately HK$6,488 million, and will be financed using the net proceeds from the Global Offering and the Loan Facility. Based on the Minimum Offer Price of HK$5.35 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and a draw down by the Company of a principal amount of HK$3,000 million from the Loan Facility on the Listing Date, the minimum amount of the Pre-IPO Dividend is estimated to be approximately HK$5,340 million, and will be financed using the net proceeds from the Global Offering and the Loan Facility. The payment of the Pre-IPO Dividend is conditional upon the completion of the Global Offering. The Pre-IPO Dividend will be financed using the net proceeds from the Global Offering and the portion of the Loan Facility which is drawn down by the Company on the Listing Date and will be paid out of the Company's distributable profits in accordance with the Cayman Companies Law and the constitutional documents of the Company. After the distribution of the Pre-IPO Dividend, purchasers of Offer Share Stapled Units in the Global Offering will experience an immediate dilution (representing the difference between (a) the Offer Price of the Share Stapled Units and (b) the pro forma consolidated net asset value per Share Stapled Unit less the Pre-IPO Dividend per Share Stapled Unit). See *"Distributions"* for further details on the distribution policy of the Company and the Trust and *"History and Reorganisation — The Reorganisation — Declaration of Pre-IPO Dividend by the Company to Franshion"* for more details of the Pre-IPO Dividend.

OFF-BALANCE SHEET ARRANGEMENTS

During the Track Record Period and as at the Latest Practicable Date, aside from the capital commitments and contingent liabilities discussed above, we had no material off-balance sheet arrangements.

NO ADDITIONAL DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as disclosed in this prospectus, we confirm that, as at the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to Rules 13.19 of the Listing Rules.

DIRECTORS' CONFIRMATION OF NO MATERIAL ADVERSE CHANGE

The Directors confirm that, having performed reasonable due diligence on the Trust Group, there has been no material adverse change in the Trust Group's financial or trading position or prospects since 31 December 2013 and up to the date of this prospectus.

LISTING EXPENSES

Total expenses (excluding underwriting commissions, the discretionary incentive fee and the additional discretionary fee) expected to be incurred in relation to the Listing are HK$69.3 million, of which approximately HK$48.5 million is expected to be charged to the consolidated statement of profit or loss of the Trust Group and approximately HK$20.8 million is expected to be charged to share premium of the Trust Group for the financial year ending 31 December 2014. The Company and the Trustee-Manager did not incur any expenses relating to the Listing during the Track Record Period.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

See *"Appendix II — Unaudited Pro Forma Financial Information"* for details.

RECENT DEVELOPMENTS

For the three months ended 31 March 2014, (i) our revenue was generally in line when compared with the same period in 2013, (ii) occupancy rates increased across the Completed Hotels (other than Hyatt Regency Chongming) when compared with the same period in 2013, and (iii) there was a slight decrease in the overall average room rate across the Completed Hotels (other than Hyatt Regency Chongming) when compared with the same period in 2013.

Our revenue and cost of sales are expected to increase as we continue to expand our hotel network. Hyatt Regency Chongming opened in March 2014. Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang are both expected to commence operations by the end of 2014. Based on our current plans, we expect to incur significant pre-opening expenses of approximately RMB162 million for the Hotels Under Development and Hyatt Regency Chongming in FY2014. In addition, we expect to incur interest expenses on the Loan Facility in FY2014. For details of the Loan Facility, see *"Financial Information — Indebtedness — Loan Facility"*. Without giving effect to any fair value change in our investment properties in FY2014, we expect that our profit for the year in FY2014 will decrease significantly as a result of the impact of the pre-opening expenses of the Hotels Under Development and interest expenses incurred on the Loan Facility. However, such pre-opening expenses are non-recurring and will be added back to determine the Group Distributable Income. Based on our current hotel portfolio, we do not expect to incur any significant amount of pre-opening expenses for the Hotels after 2014.

As far as the Directors are aware, there have been no material changes in the general economic and market conditions in the PRC or the hospitality and property industries in which we operate that materially and adversely affected our business operations or financial condition since 31 December 2013 and up to the date of this prospectus.

Statements contained in this section that are not historical facts may be forward-looking statements. Such statements are based on the assumptions set out in this section. While the Directors consider such assumptions to be reasonable, whether actual results will meet our expectations will depend on a number of risks and uncertainties over which we have no control. Under no circumstances should the inclusion of such information in this prospectus be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Trustee-Manager, the Company or any of the Relevant Persons or that these results will be achieved or are likely to be achieved. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date of this prospectus. See "Forward-Looking Statements" and "Risk Factors" for further information.

In addition, investors should note that the minimum distributions to the Holders of Share Stapled Units, the DPU, the annualised DPU and the annualised distribution yield for the period from the Listing Date to 31 December 2014 are not profit forecasts for the purposes of the Listing Rules or any other purpose and accordingly, have not been reported on by the Joint Sponsors or the reporting accountants.

None of the Trustee-Manager, the Company or any of the Relevant Persons guarantees the performance of the Trust Group, the payment of any distributions or any particular return on the Share Stapled Units.

OVERVIEW

The objectives of Jinmao Investments and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which flow from the enhancement in the value of the Group's portfolio of properties.

The Trustee-Manager will rely on the receipt of dividends, distributions and other amounts from the Company to make distributions (on behalf of Jinmao Investments) to the Holders of Share Stapled Units. The amount of such dividends, distributions and other payments which may be made by the Company to the Trustee-Manager will depend on a number of factors, including the financial performance of the Group's business and the financial condition, results of operations and cash flows of the Group. There is no assurance that the Trustee-Manager will be able to pay or maintain distributions to the Holders of Share Stapled Units and such distributions may not be stable. See the risk factor headed *"Risk Factors — Risks Relating to the Amount and Stability of the Distributions and Factors Which Will Enhance the DPU — The Trustee-Manager may not be able to pay or maintain distributions to Holders of Share Stapled Units and such distributions may not be stable as they are dependent on a number of factors, including the financial performance of the Properties and the ability of the Group and its members to generate sufficient profits"* for further information.

Investors should also note that Franshion is a company listed on the Stock Exchange and, as such, there is a significant amount of financial and operational information available to investors regarding Franshion on an ongoing basis on both its and the Stock Exchange's websites. Franshion had total assets of approximately HK$120.8 billion as at 31 December 2013 and its profit after tax for the financial year ended 31 December 2013 was approximately HK$5.0 billion. See *"Relationship with Franshion — Background of Franshion"* for further details.

DISTRIBUTION POLICY

No distributions have been made in respect of the Share Stapled Units since the establishment of Jinmao Investments.

Trust Distributable Income

The Trust Deed requires the Trustee-Manager (on behalf of Jinmao Investments) to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the Ordinary Shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments) (the "**Trust Distributable Income**").

Group Distributable Income

The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income.

"**Group Distributable Income**" refers to the audited consolidated profit attributable to the Holders of Share Stapled Units for the relevant financial year or the relevant distribution period after:

(a) eliminating the effects of the Adjustments;

(b) deducting the actual amount of taxes paid;

(c) deducting (i) the net reduction in the amount of the total bank and other borrowings and (ii) the actual amount used to pay any interest and financing fees (net of the actual amount of interest received);

(d) deducting any amounts paid from the FF&E Reserve which have been capitalised; and

(e) at the discretion of the Company Directors (i) adjusting for changes in working capital, (ii) deducting a sum equal to the aggregate of (A) any amounts set aside for capital expenditure and (B) any amounts set aside for the purpose of future debt service and/or compliance with covenants in any credit facility agreement and (iii) adding back any amounts for pre-opening expenses of any hotels prior to their formal opening date.

For the purposes of determining the Group Distributable Income, the Company Directors have determined that the amount of HK$100 million for pre-opening expenses of the Hotels Under Development and in respect of which cash funding has been set aside by the Group will be added back to the audited consolidated profit attributable to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014.

"**Adjustments**" refer to certain items which are charged or credited to the consolidated statement of profit or loss of the Group for the relevant financial year or the relevant distribution period (as the case may be), including, but not limited to:

(a) unrealised revaluation gains/losses, including impairment provisions and reversals of impairment provisions;

(b) impairment of goodwill/recognition of negative goodwill;

(c) material non-cash gains/losses;

(d) costs of any public offering of Share Stapled Units that are expensed through the consolidated statement of profit or loss but are funded by proceeds from the issuance of such Share Stapled Units;

(e) depreciation and amortisation;

(f) tax charges as shown in the consolidated statement of profit or loss; and

(g) net finance income/costs as shown in the consolidated statement of profit or loss.

The Trust Deed and the Company's Articles state that, except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute:

(a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015; and

(b) not less than 90% of the Group Distributable Income in respect of each financial year thereafter.

In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Directors may declare and distribute such additional amounts as the Company Directors in their discretion determine.

If the Group sells any fixed assets or properties, the Company Directors may, at their discretion, retain all or any part of the proceeds (including any realised gains) from such sale (less associated taxes and expenses and associated debt repayments), including any amounts retained for the purpose of servicing future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement (such amounts retained for debt repayment and covenant compliance being "**Excluded Amounts**"), for up to five years following such sale and may utilise the retained proceeds (other than the Excluded Amounts) for the acquisition of other fixed assets or properties, FF&E Reserve and/or capital expenditure. To the extent that all or any part of the retained proceeds (other than the Excluded Amounts) are not utilised for the purposes described above within five years following such sale, the Company will distribute such retained proceeds (other than the Excluded Amounts) to the Trustee-Manager.

In the context of the Share Stapled Units structure, the Company may declare and make distributions to the Trustee-Manager out of the Company's available funds and not only out of accounting profits. The Company's subsidiaries may upstream amounts to the Company, by a combination of distributions from distributable reserves and inter-company loans, to fund distributions by the Company.

PRC laws and regulations currently only permit the payment of dividends out of accumulated profit, as determined in accordance with the accounting standards and regulations in the PRC, which differ in many aspects from generally accepted accounting principles in other jurisdictions. The profits available for distribution by the Company's PRC subsidiaries are determined after allocations are made to the statutory reserve funds. Therefore, the Company's PRC subsidiaries will need to make an appropriation from their net profits to the statutory reserves before any distribution of profit can be made. These statutory reserve funds cannot be distributed as cash dividends. In addition, if the Company's PRC subsidiaries incur debt on their own or enter into certain agreements in the future, the instruments governing the debts or such other agreements may restrict their ability to make any distributions.

Under the current foreign exchange regulations of the PRC, payments of current account items, including dividends, trade- and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. However, approvals from SAFE as well as other appropriate governmental authorities are required for payments in RMB to be converted into foreign currencies and remitted from the PRC to pay for capital account items, such as the repayment of loans denominated in foreign currencies. Receivables of capital account items in foreign currencies, including capital contribution and foreign shareholder's loans, can be remitted into the PRC and converted into RMB, by complying with certain regulatory requirements, obtaining approvals from SAFE or completing certain registration procedures with SAFE. China Jin Mao (Group) has obtained the IC Card of Foreign Exchange Registration as required by SAFE. Remittance of cash from the PRC will still be subject to prior approval by SAFE or filing with SAFE via a remittance bank, on a case by case basis. See the risk factor headed *"Risk Factors — Risks Relating to the Amount and Stability of the Distributions and Factors Which Will Enhance the DPU — The Trustee-Manager may not be able to pay or maintain distributions to Holders of Share Stapled Units and such distributions may not be stable as they are dependent on a number of factors, including the financial performance of the Properties and the ability of the Group and its members to generate sufficient profits"* for further information.

The Company may make distributions out of the Company's distributable reserves (including, subject to a solvency test and the provisions of the Company's Articles, share premium) to the Trustee-Manager. The Trustee-Manager in turn is required under the Trust Deed to make distributions to the Holders of Share Stapled Units on behalf of Jinmao Investments. The Trustee-Manager, in its capacity as trustee-manager of Jinmao Investments, is not subject to restrictions relating to profits available for distribution in respect of the amounts that it can distribute to the Holders of Share Stapled Units.

Immediately following the completion of the Global Offering and the payment of the Pre-IPO Dividend, the expected amount of reserves, representing the share premium, available to the Company for distribution is approximately HK$6,976 million, based on the Minimum Offer Price. The distributable reserves of the Company will be increased by any net profit earned, or decreased by any net losses incurred or any distributions made, in subsequent periods. The subsidiaries of the Company had approximately HK$3.44 billion of distributable reserves based on the balance available as at 31 December 2013 that can be distributed to the Company.

The Company's PRC subsidiaries have in the past funded their own operations and have not made any dividend distributions to the Company or any of the Company's subsidiaries outside the PRC as the Company has, and currently expects to have for the foreseeable future, sufficient reserves available for distribution.

Accordingly, following the Listing and for the foreseeable future, the Company Board expects to make distributions of the Group Distributable Income to the Trustee-Manager out of the Company's existing distributable reserves rather than relying on the distributions made to it out of the distributable reserves of the Company's PRC and other subsidiaries. Subsequently, when the Company's existing distributable reserves have been fully utilised, the Company's subsidiaries will make dividend distributions to the Company out of their distributable reserves to enable the Company to make distributions of the Group Distributable Income to the Trustee-Manager.

The Company intends to fund distributions of the Group Distributable Income to the Trustee-Manager using cash from (a) internal resources, (b) external loan facilities and/or (c) amounts received from the Company's subsidiaries by way of dividend distributions and/or inter-company loans.

Payment of Distributions

Under the Trust Deed, subject to the relevant laws and regulations and the requirement that the Trustee-Manager distributes 100% of the Trust Distributable Income to the Holders of Share Stapled Units, the Trustee-Manager may declare a distribution in cash to the Holders of Share Stapled Units out of the Trust Property in respect of such period, of such amounts and on such dates as it may think fit.

In addition, under the Trust Deed, the Trustee-Manager may also distribute an amount which represents part of the capital of Jinmao Investments and which the Trustee-Manager reasonably determines to be in excess of the financial needs of Jinmao Investments and/or part or all of the unrealised gains.

The form, frequency and amount of future distributions (if any) will depend on the earnings, financial position and results of operations of the Group, as well as contractual restrictions (including limitations on borrowings under the Trust Deed and compliance with financial undertakings imposed under the Group's loan facilities agreements), provisions of applicable laws and regulations and other factors including, but not limited to, funding requirements with reference to the prevailing business environment and operations, and expansion plans, other capital management considerations, the overall stability of distributions and prevailing industry practice. If the distribution policy were to be changed in the future, the Trustee-Manager and the Company will issue an announcement describing the relevant change.

The ability of the Trustee-Manager (on behalf of Jinmao Investments) to make distributions is therefore dependent upon, among other things, the Group's business generating sufficient income and the Group having sufficient cash (either from its operations, internal resources and/or external loan facilities) to make the payments required.

It is the current intention of the Company Board that the Company will declare and make distributions to the Trustee-Manager on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014), with the interim and final distributions in respect of a financial year being equal, in aggregate, to 100% or not less than 90% (as the case may be) of the Group Distributable Income in respect of that financial year. The respective proportions of the aggregate annual distribution to be paid as an interim distribution and a final distribution will be determined by the Company Board in its discretion and the amount of the interim distribution need not be proportionate to the Group Distributable Income in respect of the first six months of the relevant financial year (or other period in respect of which the distribution is made) or proportionate to the Group Distributable Income in respect of the relevant financial year.

The Trustee-Manager will make distributions to the Registered Holders of Share Stapled Units on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014), from the interim and final distributions to be made by the Company to the Trustee-Manager as described above. The Trustee-Manager will pay the interim distribution within four months after 30 June and the final distribution within six months after 31 December of each year.

Distributions will be declared in Hong Kong dollars. Share Stapled Units will be held through HKSCC Nominees or directly by Registered Holders of Share Stapled Units in the form of certificates issued jointly by the Trustee-Manager and the Company (in their discretion) to them in respect of the Share Stapled Units. Each Registered Holder of Share Stapled Units will receive his *pro rata* share of the Hong Kong dollar distribution declared.

The Trustee-Manager will inform the Stock Exchange immediately of:

(a) any decision to declare, recommend or pay any distribution and the rate and amount thereof;

(b) any decision not to declare, recommend or pay any distribution which would otherwise have been expected to be declared, recommended or paid in due course; and

(c) any preliminary announcement of profits or losses for any year, half year or other period.

The Trustee-Manager will inform the Registered Holders of Share Stapled Units of any decision referred to above by way of an announcement. The announcement will be made as soon as possible after the decision.

DISTRIBUTION GUARANTEE

Franshion has agreed, pursuant to the Distribution Guarantee and Shortfall Payments Deed, to provide a guarantee (the "**Distribution Guarantee**") to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units (including Franshion) for the period from the Listing Date to 31 December 2014 will be an amount which represents an annualised distribution amount of not less than HK$960 million for the financial year ending 31 December 2014 (the "**Distribution Guarantee Amount**"). The actual Distribution Guarantee Amount will be calculated by multiplying the annualised distribution guarantee amount of HK$960 million by the number of calendar days from the Listing Date to 31 December 2014 (both days inclusive) and dividing by 365 (being the number of calendar days in the financial year ending 31 December 2014). Assuming that the Listing Date is 2 July 2014, the Distribution Guarantee Amount is HK$481 million.

The purpose of the Distribution Guarantee is to assist in smoothing out any possible volatility in the distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) for the period from the Listing Date to 31 December 2014, particularly in light of Hyatt Regency Chongming which only opened in March 2014 and the two Hotels Under Development (being Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang) only expected to commence operations by the end of 2014. The Distribution Guarantee will therefore provide the Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014.

The annualised distribution guarantee amount of HK$960 million is an amount which has been determined by taking into consideration the yield on comparable listed companies, fixed single investment trusts, business trusts and REITs in Hong Kong and Singapore which are primarily engaged in the hospitality business and the historical performance of the Completed Hotels (other than Hyatt Regency Chongming) and assumes the Hyatt Regency Chongming and the two Hotels under Development are fully operational with stable occupancy and profitability.

Investors should note that the Distribution Guarantee Amount is not and should not be regarded as a forecast by the Directors, Franshion or any of the Relevant Persons of the results of the Group for the period from the Listing Date to 31 December 2014. As explained above, the purpose of the Distribution Guarantee is to provide the Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014. The actual results of the Group (and hence the Group Distributable Income and the Trust Distributable Income) for the period from the Listing Date to 31 December 2014 will depend on the actual performance of the Group (including the Hotels) and are subject to a number of risks and uncertainties over which the Group has no control. The Distribution Guarantee does not increase the revenue or the income generated by the Group (including the Hotels) for the period from the Listing Date to 31 December 2014 and does not affect the financial independence of the Group from the Franshion Group following the Listing (see *"Relationship with Franshion — Independence of the Group from the Franshion Group — Financial Independence of the Group from the Franshion Group"* for further details).

Pursuant to the Distribution Guarantee, if the Trust Distributable Income for the period from the Listing Date to 31 December 2014 is less than the Distribution Guarantee Amount, Franshion will make a payment to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the Distribution Guarantee

Amount and the Trust Distributable Income for the period from the Listing Date to 31 December 2014 (the "**Distribution Shortfall Payment**"), so that the total distributions received by the Holders of Share Stapled Units from the Trustee-Manager for the period from the Listing Date to 31 December 2014 will be an amount equal to the Distribution Guarantee Amount.

Franshion will make the Distribution Shortfall Payment (if any) to the Trustee-Manager, who will aggregate the Distribution Shortfall Payment with the Trust Distributable Income for the period from the Listing Date to 31 December 2014 and will pay such aggregated amount to the Holders of Share Stapled Units (including Franshion). At Franshion's option, Franshion may request that the Trustee-Manager offset the Distribution Shortfall Payment (if any) payable by Franshion against the distributions which Franshion is entitled to receive from the Trustee-Manager (on behalf of Jinmao Investments) for the period from the Listing Date to 31 December 2014. The Trust Group will not account for the amount of the Distribution Shortfall Payment (if any) in the Trust Group's financial statements following the Listing.

SHORTFALL PAYMENTS

To enable the Group to minimise its exposure to the initial start-up risks associated with the operation of Hyatt Regency Chongming (which opened in March 2014) and the Hotels Under Development (which are expected to commence operations by the end of 2014) (the "**Shortfall Payment Hotels**") for an initial period of time following their commencement of operation and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017 (the "**Shortfall Payment Period**"), Franshion has agreed, pursuant to the Distribution Guarantee and Shortfall Payments Deed, to provide the Shortfall Payments (as defined below) to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units).

During the Shortfall Payment Period, if the aggregate actual EBITDA of the Shortfall Payment Hotels for any relevant financial year (the "**Actual EBITDA**") is less than HK$220 million (the "**Specified EBITDA**"), Franshion will make a payment to the Trustee-Manager (for the benefit of the Holders of Share Stapled Units) of an amount equal to the difference between the Specified EBITDA and the Actual EBITDA (the "**Shortfall Payment**").

The Specified EBITDA has been determined by aggregating an amount for each Shortfall Payment Hotel which is determined by multiplying (a) the average yield which is achieved by comparable completed hotels to the relevant Shortfall Payment Hotel in Chongming, Beijing and Lijiang (as the case may be) (which is calculated by dividing the gross operating profit of the comparable hotels by the appraised value of such comparable hotels) and (b) the estimated appraised value of that Shortfall Payment Hotel at the time of its completion.

Investors should note that the Specified EBITDA for the Shortfall Payment Hotels is not and should not be regarded as a forecast by the Directors, Franshion or any of the Relevant Persons of the aggregate EBITDA of the Shortfall Payment Hotels or the results of the Group for the Shortfall Payment Period. As explained above, the purpose of the Shortfall Payments is to minimise the Group's exposure to the initial start-up risks associated with the Shortfall Payment Hotels and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group during the Shortfall Payment Period. The aggregate actual EBITDA of the Shortfall Payment Hotels will depend on the actual performance of the Shortfall Payment Hotels and is subject to a number of risks and uncertainties over which the Group has no control. The Shortfall Payments will not increase the revenue or the income generated by the Shortfall Payment Hotels during the Shortfall Payment Period and will not affect the financial independence of the Group from the Franshion Group following the Listing (see *"Relationship with Franshion — Independence of the Group from the Franshion Group — Financial Independence of the Group from the Franshion Group"* for details). The actual results of the Group (and hence the Group Distributable Income and the Trust Distributable Income) for each financial year during the Shortfall Payment Period will depend on the actual performance of the Group (including the Hotels) and are subject to a number of risks and uncertainties over which the Group has no control.

The aggregate Shortfall Payment to be made by Franshion during the entire Shortfall Payment Period will be subject to a maximum amount of HK$300 million, which represents 5.7% of the aggregate estimated appraised value of the Shortfall Payment Hotels at the time of their completion. For the avoidance of doubt, there is no maximum amount of the Shortfall Payments which is payable by Franshion during any financial year in the Shortfall Payment Period but instead there is an aggregate maximum amount for the entire duration of the Shortfall Payment Period. The amount of the Shortfall Payment in any relevant financial year during the Shortfall Payment Period may exceed HK$220 million if the Actual EBITDA for that financial year is negative, but the Shortfall Payments will not exceed HK$300 million in the aggregate.

Franshion will make the Shortfall Payments (if any) to the Trustee-Manager, who will aggregate the Shortfall Payments with the Trust Distributable Income for the relevant financial year during the Shortfall Payment Period and will pay such aggregated amount to the Holders of Share Stapled Units (including Franshion). At Franshion's option, Franshion may request that the Trustee-Manager offset the Shortfall Payment for the relevant financial year during the Shortfall Payment Period (if any) payable by Franshion against the distributions which Franshion is entitled to receive from the Trustee-Manager (on behalf of Jinmao Investments) for that relevant financial year. The Trust Group will not account for the amount of the Shortfall Payments (if any) in the Trust Group's financial statements after the Listing.

Investors should note that the Distribution Guarantee will guarantee the aggregate distributions to be made by the Trustee-Manager (on behalf of Jinmao Investments) to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014 only and the Shortfall Payments (if any) will elevate the amounts available for distribution to the Holders of Share Stapled Units to a level which is higher than would otherwise be the case based solely on the Group Distributable Income for the financial years ending 31 December 2015, 2016 and 2017. When the Distribution Guarantee and the Shortfall Payments are no longer available, the DPU and/or the price of the Share Stapled Units may be adversely affected. See the risk factor headed *"Risk Factors — Risks Relating to the Amount and Stability of the Distributions and Factors Which Will Enhance the DPU — The Distribution Guarantee and the Shortfall Payments are yield enhancement mechanisms which will have the effect of enhancing the distributions paid to Holders of Share Stapled Units and will only apply for a limited period of time. When the Distribution Guarantee and the Shortfall Payments are no longer available, the DPU and/or the price of the Share Stapled Units may be adversely affected"* for further details.

Investors should also note that Franshion is a company listed on the Stock Exchange and, as such, there is a significant amount of financial and operational information available to investors regarding Franshion on an ongoing basis. Please see *"Relationship with Franshion — Background of Franshion"* for further details.

STATEMENT OF DISTRIBUTIONS

The Holders of Share Stapled Units will not receive distributions for any period before the Listing Date and the first distribution paid to the Holders of Share Stapled Units will be for the period from the Listing Date to 31 December 2014.

Minimum Amount of Distributions for the Period from the Listing Date to 31 December 2014

As a result of the Distribution Guarantee, the aggregate minimum amount of distributions which the Holders of Share Stapled Units will receive for the period from the Listing Date to 31 December 2014 will be equal to the Distribution Guarantee Amount. Assuming that the Listing Date is 2 July 2014, the Distribution Guarantee Amount is HK$481 million.

Expected Distribution Yields

The Directors' expectation of yields stated in the following table are calculated based on the Distribution Guarantee Amount and the Minimum Offer Price and the Maximum Offer Price.

	Period from the Listing Date to 31 December 2014	
	Based on the Minimum Offer Price of HK$5.35	**Based on the Maximum Offer Price of HK$5.65**
Minimum amount of distributions to the Holders of Share Stapled Units (HK$)(1)	481 million	481 million
DPU (HK cents)(2)	24.1	24.1
Annualised distribution to the Holders of Share Stapled Units (HK$)(3)	960 million	960 million
Annualised DPU (HK cents)(2)(4)	48.0	48.0
Annualised distribution yield(4)(5)	9.0%	8.5%

Notes:

(1) The minimum amount of distributions to the Holders of Share Stapled Units is equal to the Distribution Guarantee Amount. Please see *"— Distribution Guarantee"* above for further details.

(2) Assumes that 2,000,000,000 Share Stapled Units will be in issue for the entire period from the Listing Date to 31 December 2014.

(3) The annualised distributions are calculated by annualising the minimum amount of distributions to the Holders of Share Stapled Units for the period from the Listing Date to 31 December 2014.

(4) The annualised DPU is calculated based on the annualised distributions to the Holders of Share Stapled Units divided by the number of Share Stapled Units that will be in issue. The annualised distribution yield is calculated from the annualised DPU.

(5) The annualised distribution yield is calculated based on the Minimum Offer Price and the Maximum Offer Price. Such yield will vary for investors who purchase Share Stapled Units in the secondary market at a market price that differs from the Minimum Offer Price and the Maximum Offer Price or for investors who do not hold the Share Stapled Units for the entire period from the Listing Date to 31 December 2014.

SHARE STAPLED UNITS TO BE ISSUED PURSUANT TO THE GLOBAL OFFERING

If the Global Offering becomes unconditional, immediately following the completion of the Global Offering, a total of 2,000,000,000 Share Stapled Units will be in issue.

SHARE CAPITAL OF THE COMPANY

The following table is prepared assuming the completion of the Global Offering:

Authorised Share Capital		HK$	Percentage of Share Capital
5,000,000,000	Ordinary Shares	2,500,000	50%
5,000,000,000	Preference Shares	2,500,000	50%
Total		5,000,000	100%

Shares in Issue or to be Issued, Fully Paid or Credited as Fully Paid

1,400,000,000	Ordinary Shares in issue (including the Ordinary Shares issued pursuant to the Reorganisation)	700,000	35%
1,400,000,000	Preference Shares in issue (including the Preference Shares issued pursuant to the Reorganisation)	700,000	35%
600,000,000	Ordinary Shares to be issued pursuant to the Global Offering	300,000	15%
600,000,000	Preference Shares to be issued pursuant to the Global Offering	300,000	15%
Total		2,000,000	100%
2,000,000,000	Ordinary Shares in issue immediately following the completion of the Global Offering	1,000,000	50%
2,000,000,000	Preference Shares in issue immediately following the completion of the Global Offering	1,000,000	50%
Total		2,000,000	100%

Under the Trust Deed and the Company's Articles, the number of Ordinary Shares and Preference Shares in issue must be the same at all times and must also, in each case, be equal to the number of Units in issue. Accordingly, the Ordinary Shares and the Preference Shares will at all times each represent 50% of the share capital of the Company.

RANKING

The Ordinary Shares to be issued will be held by the Trustee-Manager and Linked to the Units which are components of the Share Stapled Units to be issued pursuant to the Reorganisation and the Global Offering. The Ordinary Shares will confer voting rights (one vote per Ordinary Share) and the right to dividends and other distributions paid or made by the Company. All the Ordinary Shares in issue will rank *pari passu* with all other Ordinary Shares in issue and will qualify for all dividends or other distributions declared, made or paid by the Company after the date of this prospectus.

The Preference Shares to be issued and Stapled to the Units which are components of the Share Stapled Units to be issued pursuant to the Reorganisation and the Global Offering will also confer voting rights (one vote per Preference Share) and will be entitled to a preferential return of capital (in an amount equal to the Offer Price) on a winding up of the Company, but will not be entitled to any other dividends or distributions paid or made by the Company. All the Preference Shares in issue will rank *pari passu* with all the other Preference Shares in issue.

GENERAL MANDATE TO ISSUE SHARE STAPLED UNITS

Subject to the Global Offering becoming unconditional, a general mandate has been granted to the Directors, subject to the "lock-up" provisions under Rule 10.08 of the Listing Rules and any other applicable provisions of the Listing Rules and the provisions of the Trust Deed requiring that the Units be Linked to Ordinary Shares and Stapled to Preference Shares, to issue or agree (conditionally or unconditionally) to issue Share Stapled Units, after the Listing Date and on or prior to the date of the first annual general meeting of the Registered Holders of Units and the Shareholders held after the Listing Date (whether directly or pursuant to any Convertible Instrument), without the approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders if the total number of new Share Stapled Units issued, or agreed (conditionally or unconditionally) to be issued, under the general mandate, otherwise than pursuant to (a) a rights issue or (b) any distribution reinvestment arrangement providing for the issue of Share Stapled Units in lieu of all or part of a distribution on Share Stapled Units in accordance with the Trust Deed and the Company's Articles, does not increase the number of Share Stapled Units outstanding immediately following the Listing Date by more than 20%.

Any issue of, or any agreement (whether conditional or unconditional) to issue, new Share Stapled Units exceeding the percentage threshold specified above shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders, except that agreements to issue new Share Stapled Units exceeding such percentage threshold which are conditional upon specific prior approval by such ordinary resolutions may be entered into without first obtaining such prior approval.

The authority granted under the general mandate described above shall only remain in effect until the conclusion of the first annual general meeting of the Registered Holders of Units and the Shareholders following the Listing Date, or the expiration of the period within which such annual general meeting is required to be held, or until revoked, renewed or varied by an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders, whichever occurs first.

For further details of the general mandate, please see *"Appendix X — Statutory and General Information"*.

So far as is known to any Director or chief executive of the Company as at the Latest Practicable Date, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the following persons (other than a Director or chief executive of the Company) will have an interest and/or short position (as applicable) in the Share Stapled Units, the Preference Shares and the Ordinary Shares which would fall to be disclosed to the Trustee-Manager, the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, once the Share Stapled Units are listed on the Stock Exchange:

Interests and Long Positions in Share Stapled Units

Name	Capacity	Number of Share Stapled Units held or interested	Approximate Percentage
Franshion	Beneficial owner	1,400,000,000	70.0%
Sinochem Hong Kong[(1)]	Interest in a controlled corporation	1,400,000,000	70.0%
Sinochem Corporation[(1)]	Interest in a controlled corporation	1,400,000,000	70.0%
Sinochem Group[(1)].	Interest in a controlled corporation	1,400,000,000	70.0%

Notes:

(1) Sinochem Group holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong, which in turn holds 62.87% equity interests in Franshion. For the purposes of the SFO, Sinochem Group, Sinochem Corporation and Sinochem Hong Kong are all deemed to be interested in the Share Stapled Units beneficially owned by Franshion.

(2) The Trustee-Manager holds all of the issued Ordinary Shares in its capacity as trustee-manager of Jinmao Investments, on and subject to the terms of the Trust Deed.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company is aware of any other person who will, immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), have an interest or short position in the Share Stapled Units, the Preference Shares and the Ordinary Shares which would fall to be disclosed to the Trustee-Manager, the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

OVERVIEW

Immediately following the completion of the Global Offering, Franshion will have an interest in 70% of the Share Stapled Units in issue on the Listing Date (assuming the Over-allotment Option is not exercised). Accordingly, following the completion of the Global Offering, Franshion will be the Controlling Holder of Share Stapled Units.

Whilst the Group will operate independently of the Franshion Group, there will be certain transactions between the Group (on the one hand) and the Franshion Group (on the other hand) which will continue following the completion of the Global Offering. For details of such transactions, please see *"Connected Transactions"*.

BACKGROUND OF FRANSHION

Franshion is a leading developer and operator of large-scale and high-end commercial real estate projects in the PRC and a platform enterprise under the real estate segment of the Sinochem Conglomerate. In addition to property development, the Franshion Group is engaged in primary land development, sales of office, retail, mixed-use developments and residential properties, owning and operating office buildings, retail properties, commercial complexes and mixed-use developments and construction and sale of hotels.

Franshion is a constituent stock of the benchmark Hang Seng Composite Index. Franshion had total assets of approximately HK$120.8 billion as at 31 December 2013 and its profit after tax for the financial year ended 31 December 2013 was approximately HK$5.0 billion.

Following the completion of the Reorganisation and the Global Offering, the Franshion Group will continue to hold interests in certain hotels in the PRC as further described below.

HOTELS RETAINED BY THE FRANSHION GROUP

The Excluded Hotels

Following the completion of the Reorganisation and the Global Offering, the Franshion Group will continue to hold interests in the following hotels, all of which are located in the PRC (the "**Excluded Hotels**"):

	Name of Excluded Hotel	Location	Description of Excluded Hotel
1.	The Westin Nanjing	Nanjing	• A standalone hotel located in the Hunan Road central business district, overlooking Xuanwu Lake and the city of Nanjing. • This hotel has a gross floor area of approximately 32,514 sq.m., occupies 13 floors of the South Tower of Nanjing International Center and has 234 hotel rooms. This hotel commenced operations in 2011. • In FY2011, FY2012 and FY2013, (a) the average occupancy rate of this hotel was 49.0%, 64.4% and 67.0%, respectively, (b) the average room rate of this hotel was HK$980, HK$1,018 and HK$1,079, respectively and (c) the RevPAR of this hotel was HK$481, HK$656 and HK$722, respectively.

	Name of Excluded Hotel	Location	Description of Excluded Hotel
			• The revenue and net profit of this hotel for FY2013 was approximately HK$108.3 million and HK$978,000, respectively. • This hotel is part of Phase I of Nanjing International Center, which also comprises an office tower, an apartment and condominium tower and a retail podium. • In February 2013, the Franshion Group acquired an indirect 48.8% interest in this hotel as part of its acquisition of a 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, Nanjing International Group Limited, owns Nanjing International Center Phases I and II. • As at 31 December 2012, the appraised value of this hotel was approximately HK$714.8 million.
2.	Nanjing International Center Phase II Hotel	Nanjing	• This hotel is currently under construction and is expected to be completed by 2017 and to commence operations by 2018. • This hotel will have an estimated gross floor area of 23,500 sq.m. and an estimated 200 hotel rooms. • The hotel manager and the brand of this hotel will be Sheraton Overseas Management Corporation and St. Regis, respectively. • The total development cost of this hotel is currently expected to be approximately RMB800 million. • This hotel is part of Phase II of Nanjing International Center, which on completion will also comprise offices and serviced apartments. • In February 2013, the Franshion Group acquired an indirect 48.8% interest in this hotel as part of its acquisition of a 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, Nanjing International Group Limited, owns Nanjing International Center Phases I and II.
3.	Meixi Lake International Plaza Hotel	Changsha City, Hunan Province	• This hotel is currently under construction and is expected to be completed and to commence operations by 2016. • This hotel will have an estimated gross floor area of 39,000 sq.m. and an estimated 350 hotel rooms. • The hotel manager and the brand of this hotel will be Starwood Asia Pacific Hotels & Resorts Pte. Ltd. and the Luxury Collection, respectively. • The total development cost of this hotel is currently expected to be approximately RMB1,000 million. • This hotel is part of the Meixi Lake International Plaza project, which is currently under construction. This project when completed will be a high-end large-scale urban complex comprising a hotel, shopping malls, office buildings and residences and will become an architectural landmark in Xiangjiang Lake District, Changsha City. • The Franshion Group owns 100% interest in the Meixi Lake International Plaza project and therefore, owns a 100% interest in this hotel.

Reasons for Excluding the Excluded Hotels from the Group

Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, with the hotels under development expected to commence operations within one year of the date of investment. Accordingly, the Group will only own and invest in hotels which fit the distribution and yield profile and/or the strategy of the Trust Group.

The Excluded Hotels have not been included in the initial property portfolio of the Group for the reasons described below.

(a) The Westin Nanjing

The Franshion Group acquired an indirect 48.8% interest in The Westin Nanjing as part of its acquisition of a 51% interest in Leading Holdings Limited from Bateson Investment, then an independent third party, in February 2013. Leading Holdings Limited, through a project company in which it owns a 95.78% interest, is engaged in the development, construction and operation of Nanjing International Center Phases I and II.

Under the terms of the sale and purchase agreement, the seller is required to, among other things, complete the relocation process of certain landowners, prepare the vacant land for development and obtain the necessary PRC approvals in relation to Phase II of Nanjing International Center. If the seller fails to complete such tasks by the specified time or fails to comply with any of the seller's undertakings or breaches any of the seller's warranties solely due to the seller's fault, the Franshion Group will have the right to require the seller to repurchase its 51% interest in Leading Holdings Limited.

The date of expiry of this repurchase right is uncertain due to uncertainties associated with the relocation process and the time required to obtain the necessary PRC approvals in relation to Phase II of Nanjing International Center and also because the Franshion Group has the right to waive or vary any delayed performance and/or non-performance by the seller of its obligations under the sale and purchase agreement. Pursuant to relevant PRC laws and regulations, the relocation process can only be completed if the landowners of all affected premises are satisfactorily compensated. Such landowners can elect whether to accept the relocation compensation as prescribed by the relevant PRC laws and regulations and if they do not accept the relocation compensation, relocation can only take place if a decision from the People's Court to that effect is obtained.

In light of the above, the Franshion Group's interest in The Westin Nanjing has not been included in the initial property portfolio of the Group. As none of the Hotels are located in Nanjing, there is no actual or potential competition between The Westin Nanjing and any of the Hotels. The Franshion Group's interest in The Westin Nanjing will, however, be subject to the Hotel Arrangements as described in *"— Business Delineation Measures — Hotel Arrangements"* below.

(b) Nanjing International Center Phase II Hotel and Meixi Lake International Plaza Hotel

These hotels are still under construction. The Nanjing International Center Phase II Hotel is expected to be completed by 2017 and to commence operations by 2018. The Meixi Lake International Plaza Hotel is expected to be completed and to commence operations by 2016.

In light of the above, these hotels have not been included in the initial property portfolio of the Group. As none of the Hotels are located in Nanjing or Changsha City, there is no actual or potential competition between these hotels and any of the Hotels. The Franshion Group's interest in these hotels will, however, be subject to the Hotel Arrangements as described in *"— Business Delineation Measures — Hotel Arrangements"* below.

BUSINESS DELINEATION MEASURES

In order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the Franshion Group (on the other hand) following the Listing, the Company and Franshion have entered into the Hotel Arrangements Deed pursuant to which (i) Franshion has agreed to provide a non-compete undertaking and (ii) the parties have agreed to certain arrangements relating to the existing and future interests of the Franshion Group in hotels (the "**Hotel Arrangements**"), as further described below.

(a) Non-Compete Undertaking by Franshion

Franshion has undertaken to the Company that, except with the prior written consent of the Company, the Franshion Group will not develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC (as demarcated by the red lines and the Huangpu River in the diagram below), which is where Jin Mao Tower is located.

The Lujiazui Central Financial District is the urban centre of the Pudong District of Shanghai and covers an area of approximately 1.7 sq. km.. It is the central business district of Shanghai and many major landmark/commercial buildings are located within this area, such as The Oriental Pearl TV Tower, Shanghai World Financial Centre, Shanghai International Financial Centre and Shanghai Tower (which is currently the tallest building in Shanghai). The Franshion Group does not currently own any commercial and/or retail property in the Lujiazui Central Financial District. The only commercial and/or retail property development owned by the Franshion Group in Shanghai is (i) the Shanghai International Shipping Service Centre

Project, which is located across the river from the area of Lujiazui, (ii) Site B of Shanghai Port International Cruise Terminal Project, which is located further across the river in the western bank of Huangpu River and (iii) the Shanghai Haimen Road Project, which is currently under development and located further north across the Huangpu River.

The Directors consider that this non-compete undertaking given by Franshion will be sufficient to minimise any potential competition between the commercial and/or retail properties owned and operated by the Franshion Group in Shanghai and the commercial and retail portions of Jin Mao Tower, after taking into consideration that competition for tenants will primarily be dependent on the geographical location of a property.

(b) Hotel Arrangements

The Hotel Arrangements will apply as follows:

(i) The Westin Nanjing

Call Option

Franshion has agreed to grant a call option to the Company to acquire the Franshion Group's 48.8% interest in The Westin Nanjing (the "**Relevant Hotel**"). The call option will be exercisable by the Company at any time from the date on which Franshion notifies the Company that the right which the Franshion Group has to require Bateson Investment to repurchase its 51% interest in Leading Holdings Limited expires (see *"— Hotels Retained by the Franshion Group — Reasons for Excluding the Excluded Hotels from the Group — The Westin Nanjing"* above for details). Franshion will notify the Company of the expiry of such repurchase right within five business days of its expiry. The exercise price of the call option will be the prevailing market price of the Relevant Hotel.

Right of First Refusal

If the Franshion Group receives an offer from a third party purchaser to acquire the Relevant Hotel, Franshion will offer to sell, or procure the relevant member of the Franshion Group to offer to sell, the Relevant Hotel to the Company (the "**ROFR**") at a price and on terms which are no less favourable than those offered by the third party purchaser. The Company will have a period of 15 business days to consider whether it wishes to accept the offer.

Other Terms

If the Company exercises the call option but the acquisition of the Relevant Hotel is not completed by the Company for any reason, the Relevant Hotel will remain subject to the call option and the ROFR described in this paragraph (b)(i) above.

If the Company (A) elects to accept the offer pursuant to the ROFR but the acquisition of the Relevant Hotel is not completed by the Company for any reason or (B) does not accept the offer or (C) does not respond to the offer pursuant to the ROFR within the specified time, the Franshion Group will be permitted to sell the Relevant Hotel to the third party purchaser. If such sale to the third party purchaser is not completed, the Relevant Hotel will remain subject to the call option and the ROFR described in this paragraph (b)(i) above.

(ii) Hotels Under Development Owned by the Franshion Group

If the Franshion Group has an interest in a hotel that is under development or develops a hotel in the future (including converting an existing property into a hotel) and it holds an effective interest of at least 30% (a "**Controlling Interest**") in such hotel (also, a "**Relevant Hotel**"), the Relevant Hotel will be subject to the following arrangements from the date which is one year prior to the expected date of commencement of operation of the Relevant Hotel (the "**Relevant Date**"). Franshion will notify the Company of the Relevant Date in respect of the Relevant Hotel within five business days of the Relevant Date.

Call Option

Franshion will grant a call option to the Company to acquire the Franshion Group's interest in the Relevant Hotel. The call option will be exercisable by the Company at any time from the Relevant Date. The exercise price of the call option will be the prevailing market price of the Relevant Hotel.

Right of First Refusal

If the Franshion Group receives an offer from a third party purchaser to acquire the Relevant Hotel, Franshion will offer to sell, or procure the relevant member of the Franshion Group to offer to sell, the Relevant Hotel to the Company (also, the "**ROFR**") at a price and on terms which are no less favourable than those offered by the third party purchaser. The Company will have a period of 15 business days to consider whether it wishes to accept the offer.

Other Terms

If the Company exercises the call option but the acquisition of the Relevant Hotel is not completed by the Company for any reason, the Relevant Hotel will remain subject to the call option and the ROFR described in this paragraph (b)(ii) above.

If the Company (A) elects to accept the offer pursuant to the ROFR but the acquisition of the Relevant Hotel is not completed by the Company for any reason or (B) does not accept the offer or (C) does not respond to the offer pursuant to the ROFR within 15 business days from the date of receipt of the offer (or such longer period as the parties may agree), the Franshion Group will be permitted to sell the Relevant Hotel to the third party purchaser. If such sale to the third party purchaser is not completed, the Relevant Hotel will remain subject to the call option and the ROFR described in paragraph (b)(ii) above.

The above Hotel Arrangements will apply to (I) the Nanjing International Center Phase II Hotel and (II) the Meixi Lake International Plaza Hotel from the date which is one year prior to the expected date of commencement of operation of each of these hotels. For the avoidance of doubt, the above Hotel Arrangements will also apply to any other Relevant Hotels which the Franshion Group develops in the future.

(iii) Completed Relevant Hotels

If the Franshion Group has a Controlling Interest in a completed hotel in the future (also, a "**Relevant Hotel**"), the Relevant Hotel will become subject to the Hotel Arrangements described in paragraph (b)(ii) above.

(iv) Investment Opportunities

If the Franshion Group is offered the opportunity (an "**Investment Opportunity**") to acquire a Controlling Interest in a completed hotel or a hotel under development and which is expected to commence operation within one year (also, a "**Relevant Hotel**"), Franshion will notify, or will procure the relevant member of the Franshion Group to notify, the Company of the Investment Opportunity together with reasonable particulars (including price and terms) and offer the Company the opportunity to participate in such Investment Opportunity.

The Company will have a period of 15 business days following the receipt of such notice of the Investment Opportunity to make a decision. Where an Investment Opportunity must be pursued on a different timeframe due to time limitations imposed by the terms of the Investment Opportunity, the parties will agree a reasonable timeframe in order to achieve and complete the procedure referred to above to ensure that the Investment Opportunity may be duly pursued.

The Franshion Group will only be permitted to participate in the Investment Opportunity if the Company (based on a decision of such of the Executive Director(s) and the Independent Non-executive Directors who do not have any ongoing role with the Franshion Group):

(A) declines to participate in the Investment Opportunity;

(B) elects to participate in the Investment Opportunity but permits the Franshion Group to also separately participate in the Investment Opportunity; or

(C) elects to participate in the Investment Opportunity jointly with the Franshion Group.

In addition, the Franshion Group will be permitted to participate in the Investment Opportunity if the Company does not respond to the notice of the Investment Opportunity.

Where the parties elect to jointly participate in the Investment Opportunity and acquire the Relevant Hotel, the parties will then determine the optimal ownership structure, including the title ownership, management and operations of the Relevant Hotel in the best interests of each party.

Notwithstanding that the Franshion Group has not been permitted to participate in the Investment Opportunity and subject to any applicable legal, regulatory or contractual restrictions, the Company will keep the Franshion Group informed of all information which it has obtained in its review of the Investment Opportunity. If the Company subsequently decides not to participate in the Investment Opportunity or fails to complete the acquisition of the Relevant Hotel, it will use its reasonable endeavours to offer the Franshion Group the opportunity to participate in the Investment Opportunity.

The Investment Opportunity described above does not apply where the Franshion Group is offered the opportunity to acquire any interest in a completed mixed-use development or a mixed-use development under development which includes one or more hotels (also, a "**Relevant Hotel**") because the Group has been established primarily to own and invest in standalone hotels and not mixed-use developments. However, if the Franshion Group completes the acquisition of such mixed-use development, the Relevant Hotel will become subject to the Hotel Arrangements described in paragraphs (b)(ii) and (b)(iii) above will apply from the date of completion of such acquisition.

(v) Undertaking from Franshion

To ensure the proper operation of the Hotel Arrangements, Franshion has undertaken to the Company as follows:

(A) if the Franshion Group develops or owns a mixed-use development which includes a hotel portion, it will use its best endeavours to promptly, and in any event no later than three months from the date on which it is permitted to do so, after taking into account all applicable legal, regulatory, contractual requirements and costs implications, make an application to the relevant government authorities to segregate the hotel portion of the mixed-use development into a standalone hotel with separate and distinct title documents; and

(B) if the Franshion Group is developing a mixed-use development which includes a hotel portion, it will ensure that the design and structure of the mixed-use development will be such that it would be commercially and operationally feasible to segregate the hotel portion from the other portions of the mixed-use development.

Please refer to *"Appendix VI — Regulatory Overview — Laws and Regulations Relating to Real Estate — Title Segregation"* for brief details of the process of segregating the title to property.

(vi) Other Terms of the Hotel Arrangements

The Hotel Arrangements are subject to compliance by each of the Group and the Franshion Group with any applicable legal and regulatory requirements and any applicable contractual or other restrictions.

For the purpose of the Hotel Arrangements, an interest in a Relevant Hotel refers to a direct legal and beneficial interest in the Relevant Hotel or an indirect interest in the Relevant Hotel held through a company.

The Franshion Group will provide to the Group all such information relating to a Relevant Hotel as the Group may reasonably request in order to make a decision whether to exercise a call option, accept an offer to acquire such Relevant Hotel or to participate in an Investment Opportunity.

If the Company exercises a call option or accepts an offer pursuant to the ROFR to acquire an interest in a relevant Hotel:

(A) if the Relevant Hotel is part of a mixed-use development and not a standalone hotel, completion of the acquisition will occur after the Relevant Hotel is segregated from the mixed-use development into a standalone hotel;

(B) Franshion will appoint an independent valuer to determine the prevailing market price of its interest in the Relevant Hotel; and

(C) the Company and Franshion will comply with the relevant Listing Rules requirements, including (if required) obtaining the approval of the independent Holders of Share Stapled Units and/or the independent shareholders of Franshion for the sale and purchase of the interest in the Relevant Hotel.

(vii) Duration of the Non-Compete Undertaking and the Hotel Arrangements

The non-compete undertaking given by Franshion and the Hotel Arrangements will commence on the Listing Date and will terminate on the earlier of:

(A) the date on which Franshion, directly or indirectly, is interested, in less than 30% of the Share Stapled Units in issue; and

(B) the date on which the Share Stapled Units cease to be listed on the Stock Exchange.

In addition to the above termination events, in respect of each Relevant Hotel subject to the Hotel Arrangements, the Hotel Arrangements applicable to that Relevant Hotel will automatically terminate on the date of completion of the sale of the Relevant Hotel pursuant to the exercise of the call option or the ROFR (as the case may be).

(viii) Measures Adopted to Ensure the Proper Operation of the Non-Compete Undertaking Given by Franshion and the Hotel Arrangements

The following measures have been adopted to ensure the proper operation of the non-compete undertaking given by Franshion and the Hotel Arrangements:

(A) if the Board is required to make a decision on any matters relating to (I) whether to grant the Franshion Group consent to develop, own or operate any commercial and/or retail development in the Lujiazui Central Financial District in Shanghai, the PRC pursuant to the non-compete undertaking given by Franshion and (II) the Hotel Arrangements, all such matters will be decided upon by such of the Executive Director(s) and the Independent Non-Executive Directors who do not have any ongoing role with the Franshion Group;

(B) in determining whether to exercise a call option or accept an offer pursuant to a ROFR to acquire a Relevant Hotel or to participate in an Investment Opportunity pursuant to the Hotel Arrangements, the Executive Director(s) and the Independent Non-executive Directors will take into consideration the investment criteria as described in *"Business — Business Strategies"*;

(C) a committee comprising all the Independent Non-executive Directors (the "**Independent Board Committee**") will be responsible for overseeing the implementation of the Hotel Arrangements. In particular, the Independent Board Committee will review on an annual basis compliance by Franshion with the terms of the Hotel Arrangements;

(D) Franshion will provide (I) an annual confirmation to the Trustee-Manager and the Company regarding its compliance with the terms of the non-compete undertaking given by it and the Hotel Arrangements and (II) all such information as the Independent Board Committee may reasonably request for the annual review by the Independent Board Committee of its compliance with the terms of the non-compete undertaking given by it and the Hotel Arrangements; and

(E) the Trustee-Manager and the Company will disclose in the annual report (I) the annual confirmation of Franshion regarding its compliance with the terms of the non-compete undertaking given by it and the Hotel Arrangements, (II) the findings of the Independent Board Committee regarding compliance by Franshion the terms of the non-compete undertaking given by it and the Hotel Arrangements and (III) any decision made by the Group on whether to exercise a call option or accept an offer pursuant to a ROFR to acquire a Relevant Hotel or to participate in an Investment Opportunity pursuant to the Hotel Arrangements, including the details and the basis for such decision (subject to such disclosure not being in breach of the contractual or legal obligations of the Group and/or the Franshion Group).

INDEPENDENCE OF THE GROUP FROM THE FRANSHION GROUP

The Directors are satisfied that the Group is capable of carrying on its business independently from the Franshion Group following the completion of the Reorganisation and the Global Offering on the basis set out below.

(a) Clear Delineation between the Business of the Group and the Business of the Franshion Group

Jinmao Investments and the Group primarily own and invest in a portfolio of hotels, comprising both completed hotels and hotels under development, with the hotels under development expected to commence operations within one year of the date of investment, and also own Jin Mao Tower, a mixed-use development. The initial property portfolio of the Group comprises the Properties, all of which (other than Jin Mao Tower) are standalone hotels and which, prior to the Listing, represent all of the completed hotels and hotels under development owned by the Franshion Group, other than the Excluded Hotels. The Excluded Hotels have not been included in the initial property portfolio of the Group for the reasons described in *"— Hotels Retained by the Franshion Group — Reasons for Excluding the Excluded Hotels from the Group"* above.

The objectives of Jinmao Investments and the Company are (a) to focus principally on the payment of distributions to the Holders of Share Stapled Units with a clearly expressed intention as to their respective distribution policies stated in the Trust Deed and the Company's Articles and (b) to provide the Holders of Share Stapled Units with the potential for sustainable long-term growth in the distributions payable to them and the benefits which flow from the enhancement in the value of the Group's portfolio of properties. To meet these objectives, the Group will focus on optimising the performance of the Properties together with the Hotel Managers (in respect of the Hotels) and on growth opportunities through organic asset enhancements to the Properties and acquisition opportunities. There is no intention of the Group to be involved in developing and managing its own hotels.

Upon the Listing, the Franshion Group will, in addition to being engaged in property development, primary land development, sales of office, retail, mixed-use developments and residential properties, owning and operating office buildings, retail properties, commercial complexes and mixed-use developments and construction and sale of hotels, own interests in hotels only (i) through its interest in 70% of the Share Stapled Units in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised) and (ii) subject at all times to the Hotel Arrangements, as described in *"— Business Delineation Measures — Hotel Arrangements"* above.

Notwithstanding that the Franshion Group will continue to hold interests in the Excluded Hotels following the Listing, the Directors consider that a clear delineation of the business of the Group (on the one hand) and the business of the Franshion Group (on the other hand) can be maintained for the following reasons:

(i) Franshion has given a limited scope non-compete undertaking as described in *"— Business Delineation Measures"* above;

(ii) in respect of the Excluded Hotels, as none of the Hotels are located in Nanjing or Changsha City, there is no actual or potential competition between the Excluded Hotels and any of the Hotels;

(iii) the procedures described below have been adopted in order to maintain a clear delineation of the business of the Group (on the one hand) and the business of the Franshion Group (on the other hand:

(A) the Company has entered into the Hotel Arrangements Deed with Franshion, details of which are set out in *"— Business Delineation Measures — Hotel Arrangements"* above;

(B) the Board of Directors of each of the Trustee-Manager and the Company has a balanced composition of executive, non-executive and independent non-executive Directors so that there is a strong element on each of these Boards of Directors which can effectively exercise independent judgment. Further details are set out in *"— Independence of Directors and Management"* below;

(C) the management structure of the Franshion Group includes an audit committee and a remuneration and nomination committee, the terms of reference of each of which requires them to be alert to prospective conflict of interest issues. Each of the Trustee-Manager and the Company has an audit committee and the Company also has a remuneration and nomination committee;

(D) any connected transactions or continuing connected transactions between the Group and the Franshion Group will be transacted in compliance with the applicable requirements of the Listing Rules (subject to any waivers which may be granted by the Stock Exchange); and

(E) Jinmao Investments and the Company have appointed a compliance adviser for the period commencing on the Listing Date and ending on the date on which Jinmao Investments and the Company comply with Rule 13.46 of the Listing Rules in respect of their financial results for the first full financial year commencing after the Listing Date.

(b) Independence of Business and Operations

The Group's business will be operated and management independently of the Franshion Group. In particular, the Hotels have, or will have on completion of construction, their own employees and the Hotels will continue to be managed by the Hotel Managers, which are third parties independent of the Franshion Group.

Following the Listing, the Group expects that there will be certain continuing connected transactions with the Franshion Group as disclosed in *"Connected Transactions"*. These include, among other things, the provision by the Franshion Group of project consulting services in respect of the Hotels Under Development until their completion and commercial property management services in relation to the "J-Life" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya. In respect of these services, the Directors are of the view that there are other suppliers available who are able to provide such services with comparable quality and prices and that such services have been and will continue to be provided by the Franshion Group on normal commercial terms and negotiated on an arm's length basis.

For the reasons stated above, the Directors are of the view that the Group is not operationally dependent on the Franshion Group despite these continuing connected transactions.

On the basis of the foregoing, the Group's business will be operationally independent of the Franshion Group following the Listing.

(c) Financial Independence of the Group from the Franshion Group

The Group has given certain pledges and guarantees as security for certain borrowings of the Franshion Group. These pledges and guarantees will be released on or prior to the Listing Date.

There are existing inter-company loans between the Group and the Franshion Group and between the Group and the Sinochem Conglomerate and all such loans will be repaid upon Listing.

In addition, all inter-company balances between the Group and the Franshion Group and between the Group and the Sinochem Conglomerate will be settled upon Listing Date, save for those inter-company balances arising from the continuing connected transactions disclosed in *"Connected Transactions"*.

Franshion has agreed to provide the Distribution Guarantee and the Shortfall Payments as described in *"Distributions"*. The Distribution Guarantee and the Shortfall Payments do not affect the financial independence of the Group from the Franshion Group for the following reasons:

(i) the Distribution Guarantee is in effect an arrangement between Franshion (on the one hand) and the other Holders of Share Stapled Units (on the other hand) and is a means of providing such Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014;

(ii) the Shortfall Payments are to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group during the financial years ending 31 December 2015, 2016 and 2017 while the Shortfall Payment Hotels are in the initial start-up phase;

(iii) the Distribution Guarantee does not increase the revenue or the income generated by the Group (including the Hotels) during the period from the Listing Date to 31 December 2014 nor do the Shortfall Payments increase the revenue or the income of the Shortfall Payment Hotels during the financial years ending 31 December 2015, 2016 and 2017. These payments do not support the operations of the Group or the Properties and are simply payments being made by Franshion to the Trustee-Manager (on behalf of Jinmao Investments), which will in turn pay such amounts to the Holders of Share Stapled Units through the distributions; and

(iv) notwithstanding the Distribution Guarantee and the Shortfall Payments, the Group will continue to generate revenue and income from the Properties, which have an established track record of generating revenues and income.

On the basis of the foregoing, the Group will be financially independent of the Franshion Group following the Listing.

(d) Independence of Directors and Management

Upon Listing, in addition to being Company Directors and Trustee-Manager Directors, certain of the Directors will continue to hold directorships and roles in the Franshion Group as set out below:

Name of Director	Company and Trustee-Manager	Franshion Group
Mr. HE Cao	• Chairman and Non-executive Director	• Chairman and Executive Director of Franshion • Director of various subsidiaries of Franshion
Mr. ZHANG Hui	• Chief Executive Officer and Executive Director	• None(1)
Mr. LI Congrui	• Non-executive Director	• Executive Director and Chief Executive Officer of Franshion • Director of various subsidiaries of Franshion
Mr. JIANG Nan	• Non-executive Director	• Chief Financial Officer of Franshion • Director of various subsidiaries of Franshion
Dr. CHUNG Shui Ming Timpson	• Independent Non-executive Director	• None
Dr. CHEN Jieping	• Independent Non-executive Director	• None
Dr. ZHANG Rungang	• Independent Non-executive Director	• None

Note:

(1) As at the Latest Practicable Date, Mr. Zhang Hui was a Vice President and member of the senior management of Franshion. He will cease his ongoing roles with the Franshion Group with effect from the Listing Date.

Save for Mr. Meng Yongchu, Mr. Ding Jianjun, Mr. Chen Mengchao and Ms. Zhang Runhong as disclosed in "*The Trustee-Manager and The Company*", none of the senior management of the Company holds any roles with the Franshion Group. The roles of Mr. Meng Yongchu, Mr. Ding Jianjun and Ms. Zhang Runhong as directors of Jin Mao Advertising were because this entity was part of the Group prior to the Reorganisation and has been transferred to the Franshion Group as part of the Reorganisation. As at the Latest Practicable Date, Jin Mao Advertising was solvent and in the process of voluntary winding-up as Jin Mao Advertising's business operations have been transferred out of Jin Mao Advertising.

The Trustee-Manager and the Company (on the one hand) and Franshion (on the other hand) have boards of directors that function independently of each other.

Each of the Trustee-Manager and the Company has a Board of Directors with seven Directors, comprising one Executive Director, three Non-executive Directors and three Independent Non-executive Directors.

The Executive Director, being Mr. Zhang Hui, will not retain any ongoing role with the Franshion Group with effect from the Listing Date and will report to the Board of Directors.

The three Non-executive Directors, being Mr. He Cao, Mr. Li Congrui and Mr. Jiang Nan, will remain in their existing roles with the Franshion Group following the Listing.

All three Independent Non-executive Directors do not, and will not, have any ongoing role with the Franshion Group with effect from the Listing.

The Directors believe that the Group will be able to operate independently of the Franshion Group with effect from the Listing for the following reasons:

(i) the Board of Directors will comprise seven members, four of whom will have no ongoing roles with, and are therefore independent from, the Franshion Group;

(ii) Mr. Zhang Hui, the Executive Director and Chief Executive Officer, will not retain any ongoing role with the Franshion Group with effect from the Listing Date and will report to the Board of Directors. He will have dedicated responsibilities for the Group and will oversee the operations of the Group and the Hotel Managers in their daily operation and management of the Hotels. The management team and staff of the Group will report to Mr. Zhang and he will be accountable to the Board of Directors without risk of conflict of interest;

(iii) the three Non-executive Directors, being Mr. He Cao, Mr. Li Congrui and Mr. Jiang Nan, will assume a strategic role in formulating the development plans of the Group. They will not be involved in the daily operations or management of the Group;

(iv) all three Independent Non-executive Directors do not, and will not, have any ongoing role with the Franshion Group. Accordingly, the Directors believe that the Independent Non-executive Directors can exercise independent judgment free from any conflict of interest;

(v) notwithstanding that three of the seven members of the Board of Directors are directors of Franshion and/or other members of the Franshion Group, the four remaining members of the Board of Directors, in particular Mr. Zhang Hui, Dr. Chung Shui Ming Timpson, Dr. Chen Jieping and Dr. Zhang Rungang (who has extensive experience in the hotel industry), will have sufficient expertise to manage the Group in the event that the other three Directors are required to abstain from voting on matters relating to the Franshion Group. Details of the experience of Mr. Zhang Hui, Dr. Chung Shui Ming Timpson, Dr. Chen Jieping and Dr. Zhang Rungang are set out in *"The Trustee-Manager and the Company — Directors"*;

(vi) with three independent non-executive Directors out of a total Board size of seven, the Directors believe that there is a strong element on the Board of Directors which can effectively exercise independent judgment in order to address any situations of conflict of interest and to protect the interests of the independent Holders of Share Stapled Units;

(vii) the Trustee-Manager and the Company have established the following corporate governance measures to seek to (A) address any potential conflicts of interest of the overlapping Directors (on the one hand) and the Franshion Group (on the other hand), including any potential conflicts of interest and competition between the Group's hotels and the Excluded Hotels and (B) safeguard the interests of the independent Holders of Share Stapled Units:

(1) any Director(s) with an interest in the relevant matter (including matters relating to the non-compete undertaking given by Franshion and acquisitions and investment opportunities arising from the Hotel Arrangements and matters relating to competition between the Group's hotels and the Excluded Hotels) will abstain from voting in respect of that matter and will not be counted in the quorum of the relevant Board meeting to consider that matter. In such a situation, only such of the Executive Director(s) and the Independent Non-executive Directors who do not have any ongoing role with the Franshion Group will vote and decide on such matters. In this context, a conflict, so far as the Company Board and the Trustee-Manager Board are concerned, will be taken to include any matter in which the Franshion Group has a direct or indirect interest;

(2) the Trustee-Manager's Articles provide that a Trustee-Manager Director must give priority to the interest of all the Registered Holders of Units as a whole over the interest of the Trustee-Manager in the event of a conflict between the interest of all the Registered Holders of Units as a whole and the interest of the Trustee-Manager. See *"Appendix VII — Trust Deed — Duties of the Trustee-Manager under the Trust Deed"* for details of the duties of a Trustee-Manager Director;

(3) potential and actual conflicts arising from connected transactions between the Group (on the one hand) and the Franshion Group (on the other hand) have been identified and the parties will comply with the applicable requirements of the Listing Rules governing connected transactions. In particular, Franshion will abstain from voting at any Meetings of Registered Holders of Share Stapled Units where the Franshion Group has a material interest in the relevant resolution(s); and

(4) any potential conflict of interest that may arise from the future development of the Group (on the one hand) and the Franshion Group (on the other hand) has been minimised through the non-compete undertaking given by Franshion and the Hotel Arrangements. In particular, certain measures have been adopted to ensure the proper operation of the Hotel Arrangements, as described in *"— Business Delineation Measures — Hotel Arrangements"* above.

(e) Independence of Administrative Capability

All essential administrative functions, such as finance and accounting, administration and operations, information technology, human resources and compliance functions, will be carried out by the Group without the support of the Franshion Group. Accordingly, the Group will be administratively independent of the Franshion Group.

(f) Continuing Connected Transactions Between the Group and the Franshion Group

Details of all continuing connected transactions between the Group (on the one hand) and the Franshion Group (on the other hand) are set out in *"Connected Transactions"*. All of these continuing connected transactions will continue to be conducted on an arm's length basis and on normal commercial terms.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save for the directorships and senior management roles in the Franshion Group held by Mr. He Cao, Mr. Li Congrui and Mr. Jiang Nan as disclosed in *"— Independence of the Group from the Franshion Group — Independence of Directors and Management"* above, none of the Directors is interested in any businesses apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's business.

A. OVERVIEW

Prior to the Listing Date, we have entered into certain transactions with parties who will, upon the Listing, become connected persons of the Trust Group. Following the completion of the Listing, there will also be continuing connected transactions of the Company under the Listing Rules. Details of these transactions as well as the waivers granted by the Stock Exchange from strict compliance with the relevant requirements in Chapter 14A of the Listing Rules are set out below.

As Franshion is the Controlling Holder of Share Stapled Units, Franshion and its subsidiaries are connected persons of the Trust Group. As Sinochem Group is the controlling shareholder of Franshion, Sinochem Group and its subsidiaries are connected persons of the Trust Group. Accordingly, the transactions entered into with the Franshion Group and the Sinochem Conglomerate will constitute connected transactions for the Trust Group.

B. ARRANGEMENTS IN RELATION TO THE LISTING

As disclosed in *"Relationship with Franshion — Hotel Arrangements"*, we have entered into the Hotel Arrangements Deed with Franshion. In the event that we enter into any transaction with Franshion pursuant to the Hotel Arrangements Deed, the Company will comply with the relevant provisions of Chapter 14A of the Listing Rules at that time.

C. FINANCIAL ASSISTANCE

Distribution Guarantee and Shortfall Payments Deed

(a) Description of the Transaction

Franshion and the Trustee-Manager (as the trustee-manager of Jinmao Investments) have entered into the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 pursuant to which Franshion agreed to:

(i) provide the Distribution Guarantee for the period from the Listing Date to 31 December 2014 of an amount which represents an annualised distribution guarantee amount of HK$960 million for the financial year ending 31 December 2014. Assuming the Listing Date is 2 July 2014, the Distribution Guarantee Amount is HK$481 million. If the Trust Distributable Income for the period from the Listing Date to 31 December 2014 is less than the Distribution Guarantee Amount, Franshion will make the Distribution Shortfall Payment to the Trustee-Manager of an amount equal to the difference between the Distribution Guarantee Amount and the Trust Distributable Income for the period from the Listing date to 31 December 2014. The Distribution Guarantee is a means of providing the Holders of Share Stapled Units with a minimum expected income and yield from their holdings of Share Stapled Units during the period from the Listing Date to 31 December 2014; and

(ii) provide the Shortfall Payments up to an aggregate amount of HK$300 million during the entire duration of the Shortfall Payment Period to enable the Group to minimise its exposure to the initial start-up risks associated with the operation of the Shortfall Payment Hotels (being Hyatt Regency Chongming and the Hotels Under

Development) for an initial period of time following their commencement of operation and to provide the Holders of Share Stapled Units with some assurance of the level of income of the Group for the financial years ending 31 December 2015, 2016 and 2017.

See *"Distributions"* for further details on the Distribution Guarantee and the Shortfall Payments.

(b) Listing Rules Implications

The Distribution and the Shortfall Payments constitute financial assistance provided by a connected person for the benefit of the Trust Group on normal commercial terms (or better to the Trust Group) where no security over the assets of the Trust Group is granted and would, upon Listing, be exempt from the reporting, annual review, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(4) of the Listing Rules.

D. ONE-OFF CONNECTED TRANSACTIONS

1. Project Consulting Agreement

(a) Description of the Transaction

The Company and Franshion have entered into a project consulting agreement dated 13 June 2014 (the "**Project Consulting Agreement**") pursuant to which Franshion agreed to provide certain project consulting services (the "**Project Consulting Services**") in respect of Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel, respectively, from the Listing Date until the date of completion of the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel. Grand Hyatt Lijiang and Renaissance Beijing Wangfujing Hotel are expected to commence operations by the end of 2014.

The Project Consulting Services to be provided by Franshion include, but are not limited to, managing, supervising and advising on the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel, respectively.

Under the terms of the Project Consulting Agreement, Franshion will be entitled to receive a one-time fee (the "**Project Consulting Fee**") for the Project Consulting Services amounting to RMB25 million (approximately HK$31.8 million, which is based on the spot exchange rate on the date of the Project Consulting Agreement). The Project Consulting Fee is based on the total development costs expected to be incurred from the Listing Date until the date of completion of the construction of Grand Hyatt Lijiang and the renovation of Renaissance Beijing Wangfujing Hotel (the "**Development Costs**"). The arrangements contemplated in the Project Consulting Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

(b) Listing Rules Implications

On the basis that the Project Consulting Agreement is regarded as a one-off connected transaction entered into by the Company prior to Listing, rather than a continuing connected transaction, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable to it.

2. Property Management Services

(a) Description of the Transaction

Shanghai Property Management primarily provides property management services to Jin Mao Tower and also provides other property management services which consist of (a) managing the residential properties of third party property owners and the Franshion Group, (b) managing certain office buildings of third party office owners and the Franshion Group and (c) providing property services for the sales and display units of residential properties developed by the Franshion Group.

As at the Latest Practicable Date, Shanghai Property Management had 11 property management agreements entered into with members of the Franshion Group which had not been terminated or transferred to the Franshion Group. Even though these property management agreements were entered into with members of the Franshion Group, Shanghai Property Management is required to obtain the consent of the relevant regulatory bodies and office tenants in order to terminate or transfer the relevant ongoing management services, which is outside the control of the Company. Therefore, it is not practical to terminate the ongoing management services prior to the Listing.

Subject to obtaining the consent of the counterparties to these property management agreements, the Group intends to transfer such property management agreements to the Franshion Group as soon as practicable. If consent for the transfer of such property management agreements to the Franshion Group cannot be obtained, it is the Group's intention not to enter into any new agreements to provide property management services upon the termination of these existing property management agreements.

For FY2012 and FY2013, the aggregate revenue of derived from the 11 property management agreements was HK$7.02 million and HK$20.42 million, respectively, which represented 0.3%, and 0.8% of our total revenue, respectively. Given that 11 property management agreements were only entered into by Shanghai Property Management in 2012 or later, no revenue was derived from these property management agreements in FY2011.

(b) Listing Rules Implications

On the basis that the property management agreements are in aggregate regarded as a one-off connected transaction entered into by the Company prior to Listing, rather than a continuing connected transaction, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable to it.

3. Decoration Services from the Franshion Group

(a) Description of the Transaction

Members of the Group have entered into decoration services agreements with Shanghai Decoration during the Track Record Period (the "**Decoration Services Agreements**") pursuant to which Shanghai Decoration will provide certain decoration services (the "**Decoration Services**") to the Group.

The Decoration Services to be provided by Shanghai Decoration include, but are not limited to, the renovation and interior design works for hotel rooms, offices and other related facilities. The duration of the Decoration Services Agreements entered into during the Track Record Period range between five months and a year, depending on the nature of the renovation and interior design works to be provided by Shanghai Decoration. Major renovation works tend to require a longer period of time whereas the refurbishment of hotel rooms may require only a few months to complete. The Decoration Services Agreements are expected to be completed by the end of 2014. As at 31 December 2013, the amounts outstanding and to be paid under the Decoration Services Agreements were approximately RMB101.0 million. Such payments will be made in stages as and when certain payment milestones under the Decoration Services Agreements have been met.

Members of the Group generally source decoration services through a bidding process where both independent third parties and members of the Franshion Group are invited to submit bids. Decoration service providers are typically selected based on several factors, including price, reputation of the service provider and quality of the services offered. During the Track Record Period, the Group engaged various decoration service providers, including decoration service providers who are independent third parties as well as Shanghai Decoration. For FY2011, FY2012 and FY2013, the aggregate decoration costs payable and/or paid to Shanghai Decoration amounted to HK$15.0 million, HK$26.5 million and HK$51.3 million, respectively. Following the Listing, in the event Shanghai Decoration enters into an agreement with members of the Group to provide decoration services, such transactions will be subject to compliance with the Listing Rules.

(b) Listing Rules Implications

On the basis that the Decoration Services Agreements are regarded as one-off connected transactions entered into by the Company prior to Listing, rather than continuing connected transactions, the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules will not be applicable to these transactions.

E. EXEMPT CONTINUING CONNECTED TRANSACTIONS

Following the Listing Date, the following transactions will be regarded as continuing connected transactions exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rules 14A.31 and 14A.33 of the Listing Rules.

1. Rental of Hotel Rooms

The Group's individual connected persons may from time to time rent hotel rooms from the Group's Hotels. Rentals of hotel rooms are "consumer services" provided by us to our connected persons on the basis that such services are (i) services provided by us in the ordinary and usual course of business and on normal commercial terms, (ii) of a type ordinarily supplied for private use, (iii) provided to our connected persons for their own use, (iv) used in the same state as when they were acquired, (v) of a total consideration of less than 1% of the total revenue as set out in the Group's latest audited consolidated accounts, and (vi) on terms no more favourable to the connected persons than those available to independent third parties. Such rentals of hotel rooms are paid for by the Group's individual connected persons. Therefore, in accordance with Rule 14A.31(7) of the Listing Rules, such rentals of hotel rooms to the Group's individual connected persons are exempt from the reporting, announcement and independent shareholders' approval requirements.

2. Rental of Function Venues and Use of Other Hotel Services by the Sinochem Conglomerate and the Franshion Group

The Sinochem Conglomerate and the Franshion Group from time to time rent function venues and use other hotel related services at the Group's Properties. Accordingly the rental of such function rooms and the use of other hotel related services by the Sinochem Conglomerate and the Franshion Group will constitute continuing connected transactions for the Company in accordance with the Listing Rules. These arrangements are entered into in the ordinary and usual course of the Group's business and are on normal commercial terms.

The Group expects to continue to provide the rental of function venues and the use of other hotel related services to each of the Sinochem Conglomerate and the Franshion Group following the Listing Date, and will do so on an arm's length basis and on normal commercial terms.

As the highest relevant aggregated percentage ratios in respect of the rental of function venues and use of other hotel related services will, on an annual basis, be less than 0.1%, they will, pursuant to Rule 14A.33(3) of the Listing Rules, constitute *de minimis* continuing connected transactions exempt from reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

F. NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Provision of Hotel Property Management Services by the Group

(a) Description of the Transaction

The Company and Franshion entered into a hotel property management agreement dated 13 June 2014 (the "**Hotel Property Management Agreement**") pursuant to which the Company has agreed to provide Hotel Property Management Services (as defined below) in respect of the Excluded Hotels to the Franshion Group. The arrangements under the Hotel Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Hotel Property Management Agreement, the "**Hotel Property Management Services**" relate to overseeing and monitoring the performance of the third party hotel managers of their obligations under the relevant hotel management agreements, advising on hotel improvements and overseeing the financial performance of the Excluded Hotels.

Under the Hotel Property Management Agreement, the Group will be entitled to receive an annual fee comprising a basic management fee of 0.5% of the total development costs of an Excluded Hotel and an incentive fee of 4% of the earnings before interest, taxes, depreciation and amortisation of each Excluded Hotel upon the formal opening of such Excluded Hotel.

The Hotel Property Management Agreement will take effect on the Listing Date and will be valid for a period of three years, subject to compliance with the applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Hotel Property Management Agreement.

(b) Historical Transaction Amounts

There were no historical transactions in respect of the Hotel Property Management Agreement prior to the Listing Date since the agreement is only effective from the Listing Date.

(c) Non-Monetary Cap on Future Transaction Amounts

The cap for the fees payable under the Hotel Property Management Agreement will be determined by reference to the formula for determining the fees payable pursuant to the Hotel Property Management Agreement as described above.

Reasons for a Non-monetary Cap

The Directors are of the view that it is normal business practice for the management fees payable under management agreements in the hospitality industry to be paid in accordance with a formula instead of a fixed amount. The Company is unable to provide monetary amounts for the annual caps under the Hotel Property Management Agreement for the following reasons:

(i) given that not all of the Excluded Hotels have been formally opened, the Company is unable to forecast the total development costs and the future EBITDA of each Excluded Hotel; and

(ii) a large component of the total annual fee payable under the Hotel Property Management Agreement is based on the future EBITDA of each Excluded Hotel, which varies based on various factors which are not within the control of the Company, such as the number of hotel guests and general economic conditions.

In addition, the Company's independent financial adviser has reviewed and confirmed that the formula (including the percentage caps) used for determining the fees payable under the Hotel Property Management Agreement is fair and reasonable with reference to the prevailing market rates.

(d) Listing Rules Implications

As the highest relevant percentage ratios in respect of the Hotel Property Management Services under the Hotel Property Management Agreement will, on an annual basis, be expected to be more than 0.1% but less than 5% and is on normal commercial terms, they will, pursuant to Rule 14A.34(1) of the Listing Rules, be exempt from independent shareholders' approval requirement but will be subject to the reporting, announcement and annual review requirements in Chapter 14A of the Listing Rules.

2. Provision of Commercial Property Management Services by the Franshion Group

(a) Description of the Transaction

Franshion (Shanghai) entered into commercial property management agreement with China Jin Mao (Group) dated 13 June 2014 (the "**Commercial Property Management Agreement**") pursuant to which the Franshion Group will provide the Commercial Property Management Services (as defined below) to the Group. The arrangements under the Commercial Property Management Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group.

For the purposes of the Commercial Property Management Agreement, "**Commercial Property Management Services**" relate to the provisions of certain commercial property management services, including leasing management, marketing management, and project management and other relevant services as may be reasonably required by China Jin Mao (Group) and Jin Mao Sanya Tourism, in relation to the commercial portions of the Group's Properties, currently being the "J-Life" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

Under the Commercial Property Management Agreement, the Franshion Group will be entitled to receive an annual fee comprising 3% of the annual rental income from the commercial portions of the Group's Properties, currently being the "J-Life" commercial portions in Jin Mao Tower and The Ritz-Carlton, Sanya.

The Commercial Property Management Agreement will take effect on the Listing Date and will be valid for a period of three years, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the Commercial Property Management Agreement.

(b) Historical Transaction Amounts

There was no historical transaction in respect of the Commercial Property Management Agreement prior to the Listing Date since the agreement is only effective from the Listing Date.

(c) Annual Caps on Future Transaction Amounts

In accordance with Rule 14A.35(2) of the Listing Rules, we have set annual caps for the maximum aggregate amounts payable under the Commercial Property Management Agreements for FY2014, FY2015 and FY2016. It is anticipated that the aggregate annual amount for the Commercial Property Management Services payable by the Group to the Franshion Group for FY2014, FY2015 and FY2016 will be approximately RMB3.7 million, RMB3.8 million and RMB3.9 million, respectively.

The above mentioned annual caps in respect of the Commercial Property Management Services have been estimated primarily based on similar commercial property management agreements entered into by other listed hospitality business trusts and real estate investment trusts which invest in commercial assets.

(d) Listing Rules Implications

As the highest relevant percentage ratios in respect of the Commercial Property Management Services under the Commercial Property Management Agreement will, on an annual basis, be more than 0.1% but less than 5% and is on normal commercial terms, such arrangements will, pursuant to Rule 14A.34(1) of the Listing Rules, be exempt from independent shareholders' approval requirement but will be subject to the reporting, announcement and annual review requirements in Chapter 14A of the Listing Rules.

3. Rental of Office Space in Jin Mao Tower by the Sinochem Conglomerate and the Franshion Group

(a) Description of the Transaction

Members of the Sinochem Conglomerate and the Franshion Group have entered into, and may in the future from time to time renew and enter into, lease agreements with the Group for office space in Jin Mao Tower (the "**Individual Lease Agreements**"). The total rental paid by the tenants under the Individual Lease Agreements include (i) the rental rates of the office space leased, (ii) the management fees of the relevant office space (the "**Management Fees**") and (iii) various other fees (the "**Other Fees**"). The Management Fees are charged by the property management company and may be adjusted upwards due to an increase in property management costs. The Other Fees are sundry charges actually incurred by the tenants, which include but are not limited to parking space rentals, car-park management fees, parking fees, utilities and overtime air-conditioning fees. The Individual Lease Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group. In addition, the Individual Lease Agreements entered into with members of the Sinochem Conglomerate and members of the Franshion Group are renewable, subject to consent from the relevant parties.

The Company has entered into (i) a master framework lease agreement with Sinochem Group dated 13 June 2014 (the "**Sinochem Framework Lease Agreement**") and (ii) a master framework lease agreement with Franshion dated 13 June 2014 (the "**Franshion Framework Lease Agreement**", together with the Sinochem Framework Lease Agreement, the "**Framework Lease Agreements**") to supplement the Individual Lease Agreements for these continuing connected transactions such that the terms shall be on normal commercial terms. All existing and future Individual Lease Agreements entered into by members of the Sinochem Conglomerate and members of the Franshion Group with the Group will be regulated by their respective Framework Lease Agreements.

Each Framework Lease Agreement will take effect on the Listing Date, will be valid for a period of three years and will be automatically renewable for successive periods of three years thereafter, subject to compliance with applicable provisions of the Listing Rules, unless terminated earlier in accordance with the terms of the respective Framework Lease Agreements.

(b) Historical Transaction Amounts

For each of FY2011, FY2012 and FY2013, the Group's aggregate annual rental income from members of the Sinochem Conglomerate were approximately RMB61.6 million, RMB68.7 million and RMB72.0 million, respectively.

For each of FY2011, FY2012 and FY2013, the Group's aggregate annual rental income from members of the Franshion Group were approximately RMB2.6 million, RMB4.0 million and RMB5.2 million, respectively.

The rentals received from each of the Sinochem Conglomerate and the Franshion Group to the Group were determined based on arm's length negotiations between the Group and each lessee of the Individual Leasing Agreements on the then prevailing market rates and on normal commercial terms.

(c) Annual Caps on Future Transaction Amounts

In accordance with Rule 14A.35(2) of the Listing Rules, we have aggregated the annual caps for the Framework Lease Agreements, which are set with reference to the aggregate rental income received under the Individual Lease Agreements during the Track Record Period and we have also taken into account the following key factors in estimating the annual caps for the three years under each of the Framework Lease Agreements:

- the agreed rental rates in the existing Individual Lease Agreements and the prevailing rental rates of office space in, and in the proximity of, Jin Mao Tower which are leased to independent third parties;

- the previous adjustments of rental rates of office space in, and in the proximity of, Jin Mao Tower, and assuming that all the Individual Lease Agreements will be renewed based on the then rental rates when these existing leases expire, the Directors estimate that there will be an average annual upward adjustment of approximately 7% for the rental rates for each of the three years from 2014 to 2016;

- given that the Management Fees, which are payable under the Individual Lease Agreements, may be adjusted under the Individual Lease Agreements by taking into account the rate of property management costs in Shanghai, the Directors have estimated an annual upward adjustment of 7% to the Management Fees for each of the three years from 2014 to 2016;

- the business growth and demand of each of the members of the Sinochem Conglomerate and the members of the Franshion Group for office space, given the significance of the Shanghai market to the businesses of members of the Sinochem Conglomerate and members of the Franshion Group. During FY2013, the total floor area rented by members of the Sinochem Conglomerate was approximately 24,571 sq.m.. The total floor area to be leased by members of the Sinochem Conglomerate in FY2014, FY2015 and FY2016 is projected to increase to approximately 25,800 sq.m., 30,702 sq.m. and 34,386 sq.m., respectively. During FY2013, the total floor area rented by members of the Franshion Group was approximately 1,506 sq.m.. The total floor area to be leased by members of the Franshion Group in FY2014, FY2015 and FY2016 is projected to increase to approximately 2,259 sq.m., 3,389 sq.m. and 5,084 sq.m., respectively; and

- on the basis of the general increase in the market prices of the Other Fees, in particular, parking space rentals, the Directors have estimated an annual increase of 10% to the Other Fees for each of the three years from 2014 to 2016.

In addition, the independent property valuer of the Company has also confirmed that the terms of the Individual Lease Agreements (including the rental payable thereunder) are fair and reasonable and the rental receivable thereunder reflects the prevailing market rate.

On the basis of the above key factors, it is anticipated that the aggregate rental payable to the Group under the Framework Lease Agreements for FY2014, FY2015 and FY2016 will be approximately RMB106.6 million, RMB130.2 million and RMB166.7 million, respectively.

(d) Listing Rules Implications

As the highest relevant percentage ratio in respect of the leases under the Framework Lease Agreements will, on an annual basis, be 5% or more and is on normal commercial terms, they will, pursuant to Rule 14A.35 of the Listing Rules, be subject to the reporting, announcement, annual review and independent shareholders' approval requirements in Chapter 14A of the Listing Rules.

G. WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

In respect of the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements, the Company expects these non-exempt continuing connected transactions to be carried out on a continuing basis and to extend over a period of time. The Directors therefore consider that strict compliance with the announcement and, if applicable, the approval of independent Holders of Share Stapled Units requirements under the Listing Rules would be impractical and unduly burdensome and would impose unnecessary administrative costs upon us.

Accordingly, the Trustee-Manager and the Company have applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from strict compliance with the announcement requirement and, if applicable, the approval of independent Holders of Share Stapled Units requirement of the Listing Rules relating to each of the above non-exempt continuing connected transactions in respect of the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

In addition, the Trustee-Manager and the Company have also applied for, and the Stock Exchange has granted to the Trustee-Manager and the Company, a waiver from Rule 14A.35(2) of the Listing Rules in relation to the setting of monetary annual caps for the fees payable under the Hotel Property Management Agreement for the duration of the Hotel Property Management Agreement as more particularly set out in the description of this transaction in paragraph 1 under *"— Non-exempt Continuing Connected Transactions"* above.

Apart from the requirement with which strict compliance has been waived by the Stock Exchange as described above, the Trustee-Manager and the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules that are applicable to the continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements.

The independent non-executive Directors will review the continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property

Management Agreement and the Framework Lease Agreements and confirm in the annual report and accounts of the Trust and the Company that such transactions for the financial year under review have been entered into in the manner as set out in Rule 14A.37 of the Listing Rules.

H. CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements have been and will be entered into in the ordinary and usual course of business of the Trust Group, are on normal commercial terms that are fair and reasonable and in the interests of the Trust Group and the Holders of Share Stapled Units as a whole.

The Directors (including the independent non-executive Directors) are also of the view that the proposed annual caps for such transactions (including the non-monetary annual caps for the fees payable under the Hotel Property Management Agreement) are fair and reasonable, and in the interests of the Trust Group and the Holders of Share Stapled Units as a whole. Furthermore, the Directors are of the view that it is normal business practice for the fees payable under the Hotel Property Management Agreement to be paid in accordance with a formula instead of a fixed amount.

In addition, with respect to the transactions under the Hotel Property Management Agreement, the Directors (including the independent non-executive Directors) confirm that (i) the Trust Group will disclose in its future interim and annual financial statements a clear description of the bases for calculating the fees payable under the Hotel Property Management Agreement; (ii) any change in the bases of calculations for the fees payable under the Hotel Property Management Agreement would be subject to the approval of the Holders of the Share Stapled Units; and (iii) the Trust Group would have to comply with the applicable Listing Rules upon the expiry of the Hotel Property Management Agreement.

The independent non-executive Directors will also review the Hotel Property Management Agreement and confirm in the Trust Group's annual report that the relevant transactions for the financial year under review are conducted on normal commercial terms and at the time of the annual review were entered into in the manner set out in Rule 14A.37 of the Listing Rules. Under Rule 14A.40 of the Listing Rules, if the independent non-executive Directors are unable to confirm the matters set out under Rule 14A.37, the Trust Group will have to re-comply with the reporting, announcement and approval requirements of the independent Holders of Share Stapled Units under Chapter 14A of the Listing Rules for the relevant transactions under the Hotel Property Management Agreement.

I. CONFIRMATION FROM THE JOINT SPONSORS

The Joint Sponsors have reviewed the relevant information and historical figures prepared and provided by us relating to the non-exempt continuing connected transactions under the Hotel Property Management Agreement, the Commercial Property Management Agreement and the Framework Lease Agreements and have also conducted due diligence by discussing these transactions with us and our advisers, including our independent property valuer who confirmed that the rental payable on the Individual Lease Agreements is fair and reasonable with reference to the prevailing rates, and have obtained various representations and confirmations from us. Based on the Joint Sponsors' due diligence, the Joint Sponsors are of the view that these non-exempt continuing connected transactions have been and will be entered into in the ordinary and usual course of business of the Trust Group, are on normal commercial terms that are fair and reasonable and in the interests of the Trust Group and the Holders of Share Stapled Units as a whole.

The Joint Sponsors are also of the view that, based on the due diligence they have conducted as described above, the proposed annual caps for these non-exempt continuing connected transactions (including the non-monetary annual caps for the fees payable under the Hotel Property Management Agreement) are fair and reasonable and in the interests of the Trust Group and the Holders of Share Stapled Units as a whole. Furthermore, the Joint Sponsors are of the view that it is normal business practice for the fees payable under the Hotel Property Management Agreement to be paid in accordance with a formula instead of a fixed amount.

THE TRUSTEE-MANAGER

The Trustee-Manager was incorporated in Hong Kong under the Companies Ordinance on 20 March 2014. The Trustee-Manager is a wholly-owned subsidiary of Franshion. The Trust Deed provides that for as long as the Trustee-Manager acts as the trustee-manager of Jinmao Investments, it must remain a wholly-owned subsidiary of Franshion.

THE COMPANY

The Company was incorporated under the laws of the BVI with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law. As the Company was registered by way of continuation in the Cayman Islands, its operations are subject to the Cayman Companies Law and to its constitution which comprises the Memorandum and Articles of Association of the Company. Please see *"Appendix VIII — Summary of the Constitution of the Company and Cayman Companies Law"* for a summary of the relevant sections of the Memorandum and Articles of Association of the Company and the relevant aspects of the Cayman Companies Law.

Following the completion of the Global Offering, all the issued and paid-up Ordinary Shares of the Company will be held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments). For so long as the Share Stapled Units are listed on the Stock Exchange, all of the issued Ordinary Shares will be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) while all of the Preference Shares will be Stapled to the Units and issued to and held by the Registered Holders of Share Stapled Units, unless and until the Exchange Right is exercised pursuant to the terms of the Trust Deed.

DIRECTORS

The Trust Deed requires that:

(a) the Trustee-Manager Board shall at all times be the same individuals who also serve as the Company Directors at the same time;

(b) no person shall serve as a Trustee-Manager Director unless he also serves as a Company Director at the same time; and

(c) no person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time.

Accordingly, the composition of the Trustee-Manager Board and the composition of the Company Board will be the same at all times. The Trust Deed also requires that the memberships of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same. Please see *"Appendix VIII — Summary of the Constitution of the Company and Cayman Companies Law"* for details on the procedures relating to the retirement, appointment and removal of a Director.

The Trustee-Manager Board and the Company Board each consists of seven Directors, comprising one Executive Director, three Non-executive Directors and three Independent Non-executive Directors. Brief information of the Directors is set out below:

Name	Age	Position	Date of Appointment to the Trustee-Manager Board	Date of Appointment to the Company Board	Date of Joining the Group	Principal Responsibilities
Mr. HE Cao	58	Chairman and Non-executive Director	20 March 2014	30 November 2009	23 April 2002	Responsible for the management of the Board, leading the Board in the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Mr. ZHANG Hui	43	Chief Executive Officer and Executive Director	25 March 2014	25 March 2014	15 January 2010	Responsible for the day-to-day management of the Group
Mr. LI Congrui	43	Non-executive Director	25 March 2014	25 March 2014	4 February 2013	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Mr. JIANG Nan	41	Non-executive Director	25 March 2014	25 March 2014	22 December 2008	Responsible for the formulation of strategic directions and for the high level oversight of the management and operations of the Group
Dr. CHUNG Shui Ming Timpson.	62	Independent Non-executive Director	25 March 2014	25 March 2014	25 March 2014	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Dr. CHEN Jieping	60	Independent Non-executive Director	25 March 2014	25 March 2014	25 March 2014	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group
Dr. ZHANG Rungang.	55	Independent Non-executive Director	25 March 2014	25 March 2014	25 March 2014	Responsible for addressing conflicts and giving strategic advice and guidance on the business and operations of the Group

Chairman and Non-executive Director

Mr. HE Cao, aged 58, was appointed to the Company Board and the Trustee-Manager Board on 30 November 2009 and 20 March 2014, respectively. He was designated as the Chairman and the Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the management of the Board, leading the Board in the formulation of strategic directions and for the high level oversight of the management and operations of the Group. He has been the Chairman and Executive Director of Franshion since 16 January 2013 and the President, Vice Chairman and Chairman of the board of directors of China Jin Mao (Group) since 2002. He also holds positions in a number of subsidiaries of Franshion, including the Chairman of Jin Mao Investments (Changsha) Co., Ltd. and the Chairman of Nanjing City Plaza Construction Co., Ltd.. Mr. He joined Sinochem Group in 1979 and held a number of senior positions in relation to financial management, corporate governance and investment management of Sinochem Group before he was appointed as the Assistant President in 2002. He joined Franshion in February 2009 and served as the Chairman and Non-executive Director of Franshion until September 2009. He was re-designated as the Vice Chairman, Executive Director and Chief Executive Officer of Franshion from September 2009 to January 2013. Mr. He has over 20 years of experience in corporate governance, hotel and property leasing, development and operation. He has led the investment, acquisition and development of luxurious hotels and properties in first-tier cities.

Mr. He graduated from Jilin Institute of Finance and Trade in August 1979 and from the Economics Department of Renmin University of China in 1986. He completed a postgraduate programme in politics and economics at Jilin University in January 1998 and obtained a master's degree in business administration from China Europe International Business School in April 2004. Mr. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in November 2010.

Mr. He was awarded the Model Worker of Shanghai by the Shanghai People's Government in 2007. In addition, he was appointed as the Chairman of Shanghai Enterprises Association in 2007, the Vice Chairman of the Housing Policy and Market Regulation Professional Committee of the China Society for Urban Studies and a member of the Ecological Urban Studies Professional Committee of the China Society for Urban Studies in 2011, and a member of the Green Building and Energy Saving Professional Committee of the China Society for Urban Studies in 2012.

Executive Director and Chief Executive Officer

Mr. ZHANG Hui, aged 43, was appointed as the Chief Executive Officer and sole Executive Director of the Trustee-Manager and the Company on 25 March 2014. He is responsible for the day-to-day management of the Group. He has also been the Vice President of Franshion and the General Manager of China Jin Mao (Group) since January 2010. With effect from the Listing Date, Mr. Zhang will not retain any ongoing roles with the Franshion Group. From 1995 to 2002, he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation. He joined Sinochem Group in 2002 and held a number of senior positions including General Manager of Shanghai Orient Terminal Co., Ltd.. Mr. Zhang has approximately 16 years of experience in large-scale project development and management, project investment planning and corporate governance.

Mr. Zhang graduated from China University of Geosciences with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology as a senior economist from Sinochem Group in December 2011.

Non-executive Director

Mr. LI Congrui, aged 43, was appointed as the Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. He has been the Vice President of Franshion since April 2009, the Executive Director of Franshion since June 2011, the Chief Executive Officer of Franshion since January 2013, and the Director of China (Jin Mao) Group since February 2013, respectively. He also holds positions in a number of subsidiaries of Franshion, including the Chairman of Sinochem Franshion Properties (Beijing) Co., Ltd., the Chairman of Jin Mao (Shanghai) Real Estate, the Chairman of Qingdao Franshion Properties Limited, the Chairman of Sanya Yazhou Bay Economic Development Co., Ltd. and the Director of Beijing Franshion Sunac Real Estate Development Co. Ltd.. Mr. Li joined Sinochem Group in 1997, and held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corporation. From 2003 and prior to joining Franshion in 2009, he had been the Deputy General Manager of Sinochem Petroleum Exploration and Development Co., Ltd. and the General Manager of Zhoushan State Oil Reserve Base Company Limited. Mr. Li has approximately 15 years of experience in strategic management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large-scale project construction.

Mr. Li graduated from China University of Geosciences with a bachelor's degree in petroleum geological exploration in June 1994. He obtained a master's degree in oil and gas field development from the Research Institute of Petroleum Exploration & Development in July 1997 and a master's degree in business administration from China Europe International Business School in October 2008. He is also a member of the State-Owned Enterprise Youth Federation.

Non-executive Director

Mr. JIANG Nan, aged 41, was appointed as the Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Mr. Jiang joined Franshion in 2006 as the Chief Financial Officer and has been involved in the day-to-day management of Franshion such as accounting and financing, capital market, investor relations, cost contracts, strategy and budget assessment. Mr. Jiang joined Sinochem Group in August 1995 and worked in the Finance Department of Sinochem Group from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for supporting financial and investment project management, including management of the overseas funds of Sinochem Group. He served as the Executive Director of Franshion from 2007 to 2011 and has been the Director of China (Jin Mao) Group since December 2008. He also holds positions in a number of subsidiaries of Franshion, including the Director of Beijing Franshion Sunac Real Estate Development Co., Ltd., the Director of Qingdao Lanhai Xinggangcheng Real Estate Co., Ltd. and the Director of Sanya Yazhou Bay Economic Development Co., Ltd.. Mr. Jiang has approximately 20 years of experience in corporate finance and accounting management.

Mr. Jiang graduated from China Institute of Finance with a bachelor's degree in finance in July 1995. He also received the Accounting Qualification Certificate in November 1997 and is now a member of the Association of International Accountants.

Independent Non-executive Directors

Dr. CHUNG Shui Ming Timpson, GBS, JP, Dssc (Hon), aged 62, was appointed as the Independent Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. Chung is an Independent Non-executive Director of China Unicom (Hong Kong) Limited (stock code: 0762), Glorious Sun Enterprises Limited (stock code: 0393), Miramar Hotel and Investment Company, Limited (stock code: 0071), China Overseas Grand Oceans Group Limited (stock code: 0081), China Everbright Limited (stock code: 0165), Henderson Land Development Company Limited (stock code: 0012), China Construction Bank Corporation (stock code: 0939), which are companies listed on the Main Board of the Stock Exchange, and China State Construction Engineering Corporation Limited (stock code: 601668), which is a company listed on the Shanghai Stock Exchange. During the Track Record Period, Dr. Chung was an Independent Non-Executive Director of China Everbright Bank Company Limited (stock code: 601818), which is a company listed on the Shanghai Stock Exchange, and Nine Dragons Paper (Holdings) Limited (stock code: 02689), which is a company listed on the Main Board of the Stock Exchange.

Dr. Chung has over 30 years of experience in accounting and corporate management. He was the Audit Supervisor of Coopers & Lybrand, the Chairman of the Hong Kong Housing Society and the Chief Executive Officer of Shimao International Holdings Limited.

Dr. Chung graduated from the University of Hong Kong with a bachelor's degree in science in November 1976. Dr. Chung obtained a master's degree in business administration from the Chinese University of Hong Kong in October 1987. He was awarded Honorary Doctoral Degree in Social Science by the City University of Hong Kong in November 2010. Dr. Chung is also a fellow member of the Hong Kong Institute of Certified Public Accountants.

In view of Dr. Chung's experience in reviewing or analysing audited financial statements of private and public companies, the Directors believe that Dr. Chung has the appropriate accounting or related financial management expertise for the purposes of Rule 3.10 of the Listing Rules.

Dr. CHEN Jieping, aged 60, was appointed as the Independent Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. Chen is an Independent Non-executive Director of Shanghai DragonNet Technology Co., Ltd. (stock code: 300245) and Shenzhen Worldunion Properties Consultancy Incorporated (stock code: 002285), which are companies listed on the Shenzhen Stock Exchange. Dr. Chen is also an Independent Non-executive Director of Industrial Securities Co., Ltd. (stock code: 601377), which is a company listed on the Shanghai Stock Exchange.

Dr. Chen has over 15 years of experience in accounting. He is currently the Associate Dean, Director of the EMBA Program and a Professor of the China Europe International Business School. He was the Head of the Department of Accountancy of the City University of Hong Kong from 2005 to 2008.

Dr. Chen received a bachelor's degree in Science and a master's degree in hospitality management, respectively, from the University of Houston in August 1990. He obtained a master's degree in business administration for the University of Houston in May 1992 and a doctoral degree in business administration from the University of Houston in August 1995.

In view of Dr. Chen's knowledge in accounting and his experience in reviewing or analysing audited financial statements of private and public companies, the Directors believe that Dr. Chen has the appropriate accounting or related financial management expertise for the purposes of Rule 3.10 of the Listing Rules.

Dr. ZHANG Rungang, aged 55, was appointed as the Independent Non-executive Director of the Trustee-Manager and the Company on 25 March 2014. Dr. Zhang has over 25 years of experience in tourism and hotel management. He is the Chairman of BTG-Jianguo Hotel Management Co., Ltd., the Director of Beijing Capital Tourism Group Co., Ltd. and the Chairman and the General Manager of BTG Hotels (Group) Co., Ltd. (stock code: 600258), which is a company listed on the Shanghai Stock Exchange since 2004. He was the Deputy Director of the Quality Specifications and Management Department of the National Tourism Administration from 2000 to 2004. He was the General Manager of Shenzhen New Century Hotel from 1995 to 1996 and was the Departmental Manager and Deputy General Manager of Kunlun Hotel from 1985 to 1995. He was also the President of the China Tourist Hotel Association since 2009.

Dr. Zhang graduated from International Institute of Politics with a bachelor's degree in French in July 1982. He obtained a doctoral degree in systems engineering from the South China University of Technology in July 2000.

Save as disclosed above in *"— Directors"* above and *"Appendix X — Statutory and General Information"*, each Director had not held any other directorships in listed companies during the three years immediately prior to the Latest Practicable Date and there is no other information in respect of the Directors to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and there is no other matter that needs to be brought to the attention of the Registered Holders of Share Stapled Units.

SENIOR MANAGEMENT OF THE GROUP

The Chief Executive Officer and members of the senior management of the Group are responsible for the day-to-day management of our business. Certain information relating to the Chief Executive Officer is set out in *"— Directors"* above.

In addition to the Chief Executive Officer, the members of the senior management of the Group include the following:

Name	Age	Position in the Group	Roles and Responsibilities	Date of Appointment as Senior Management	Date of Joining the Group
Mr. MENG Yongchu	57	Board Secretary	Responsible for affairs of the Board and the Group's administrative, labour union and health and safety matters	28 January 2003	28 January 2003
Mr. DING Jianjun	41	Deputy General Manager	Responsible for strategic development, internal controls and performance management	7 January 2001	15 April 1999
Mr. WANG Huanxing	47	Deputy General Manager	Responsible for project design, engineering and managing maintenance and repairs	1 September 2003	1 September 2003
Mr. CHEN Mengchao	43	Deputy General Manager	Responsible for coordinating with hotel managers, planning and positioning of new hotel projects	12 February 2014	12 February 2014
Ms. ZHANG Runhong	36	Head of Finance	Responsible for the Group's financing activities	7 May 2008	20 March 2003

Mr. MENG Yongchu, aged 57, is the Board Secretary of the Group. He is also the Union President and Secretary of Discipline Committee of China Jin Mao (Group), Director of Jin Mao Hainan, Director of Jin Mao Sanya Tourism and Director of Jin Mao Shenzhen. From 2003 to 2007, Mr. Meng held other senior positions in China Jin Mao (Group), including Head of Board Office, Head of the General Manager Office. He has approximately 20 years of experience in corporate management.

Mr. Meng is also a director of Jin Mao Advertising, a company incorporated in the PRC on 2 September 1998, which was transferred from the Group to the Franshion Group as part of the Reorganisation. As at the Latest Practicable Date, Jin Mao Advertising was solvent and was in the process of voluntary winding-up as its business operations have been transferred out of Jin Mao Advertising. Our PRC legal adviser, Tian Yuan Law Firm, has advised that such winding-up procedures will be completed around the end of 2014. Upon completion of such winding-up procedures, Mr. Meng will cease to be a director of Jin Mao Advertising. During the Track Record Period, the business operations of Jin Mao Advertising were not relevant and not similar to the Trust Group's business operations. The role of Mr. Meng as a director of Jin Mao Advertising was because this entity was part of the Group prior to the Reorganisation and has been transferred to the Franshion Group as part of the Reorganisation. Save for Mr. Meng's directorship in Jin Mao Advertising, he does not hold any roles with the Franshion Group. As such, Mr. Meng's directorship in Jin Mao Advertising would not affect his role and responsibilities as senior management of the Group.

Mr. Meng received a college diploma from East China Normal University in January 1991 and obtained an executive master's degree in business administration from Arizona State University W.P. Carey School of Business in May 2009. He also completed the Executive Master of Business Administration Program (Service Track) and received the CFO Qualifying Training Certificate from Shanghai National Accounting Institute in July 2009.

Mr. DING Jianjun, aged 41, is the Deputy General Manager of the Group. He is also the Deputy General Manager of China Jin Mao (Group). Mr. Ding joined China Jin Mao (Group) in April 1999 and held various positions, including the General Manager Assistant, Head of the Office Building Division and Deputy General Manager of the Sightseeing Tour Division. Mr. Ding is also a director of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by Franshion. Mr. Ding has approximately 15 years of experience in corporate operation and management.

Mr. Ding is also a director of each of Jin Mao Advertising , a company incorporated in the PRC on 2 September 1998, which was transferred from the Group to the Franshion Group as part of the Reorganisation. As at the Latest Practicable Date, Jin Mao Advertising was solvent and was in the process of voluntary winding-up as Jin Mao Advertising's business operations have been transferred out of Jin Mao Advertising. Our PRC legal adviser, Tian Yuan Law Firm, has advised that such winding-up procedures will be completed around the end of 2014. Upon completion of such winding-up procedures, Mr. Ding will cease to be a director of Jin Mao Advertising. During the Track Record Period, the business operations of Jin Mao Advertising were not relevant and not similar to the Trust Group's business operations. The role of Mr. Ding as a director of Jin Mao Advertising was because this entity was part of the Group prior to the Reorganisation and has been transferred to the Franshion Group as part of the Reorganisation. Save for Mr. Ding's directorship in Jin Mao Advertising, he does not hold any roles with the Franshion Group. As such, Mr. Ding's directorship in Jin Mao Advertising would not affect his role and responsibilities as senior management of the Group.

Mr. Ding graduated from Central China Normal University with a bachelor's degree in English literature in June 1994. He obtained a master's degree in English for international trade from Shanghai University of International Business and Economics in April 1999 and a master's degree in business administration from Fudan University in June 2004.

Mr. WANG Huanxing, aged 47, is the Deputy General Manager of the Group. He has been the Deputy General Manager of China Jin Mao (Group) since 2012. From 1985 to 2003, Mr. Wang worked at two hotels in Jinan, Shandong Province. He joined Sinochem Group in 2003 and held various positions including General Manager Assistant of Wangfujing Hotel Management and General Manager Assistant and Deputy General Manager of Beijing Eastern Garden International Convention Center Co., Ltd.. Mr. Wang has approximately 30 years of experience in hotel marketing, operation and management.

Mr. Wang graduated from Shandong Normal University with a bachelor's degree in English literature in January 1991 and obtained a master's degree in economics from Shandong University in June 2000.

Mr. CHEN Mengchao, aged 43, is the Deputy General Manager of the Group. He is also the director of Nanjing International Group Limited, which is an indirect subsidiary of Franshion and the project company of Nanjing International Center Phases I and II. Mr. Chen joined China Jin Mao (Group) as the Deputy General Manager in February 2014. From 1994 and prior to joining China Jin Mao (Group) in 2014, he held senior positions in several hospitality companies, including Jinling Hotels & Resorts Corporation and Beijing Smart Hotels Group. Mr. Chen has approximately 20 years of experience in hotel marketing, operation and management.

Mr. Chen graduated from Nanjing Medical University with a bachelor's degree in clinical medicine in July 1993 and obtained a master's degree in hotel and tourism management from Hong Kong Polytechnic University in November 2004.

Ms. ZHANG Runhong, aged 36, is the Head of Finance of the Group. She is also the Head of Finance of China Jin Mao (Group). She joined China Jin Mao (Group) in 2003 and held a number of positions in its subsidiaries including Deputy Finance Director of Shanghai Grand Hyatt and The Ritz-Carlton, Sanya. Ms. Zhang is also a director of Shanghai Jin Mao International Cruising-Yacht Company Limited, a company held as to 23% by Franshion. Ms. Zhang has approximately 12 years of experience in financial analysis and management.

Ms. Zhang is also a director of each of Jin Mao Advertising, a company incorporated in the PRC on 2 September 1998, which was transferred from the Group to the Franshion Group as part of the Reorganisation. As at the Latest Practicable Date, Jin Mao Advertising was solvent and was in the process of voluntary winding-up as Jin Mao Advertising's business operations have been transferred out of Jin Mao Advertising. Our PRC legal adviser, Tian Yuan Law Firm, has advised that such winding-up procedures will be completed around the end of 2014. Upon completion of such winding-up procedures, Ms. Zhang will cease to be a director of Jin Mao Advertising. During the Track Record Period, the business operations of Jin Mao Advertising were not relevant and not similar to the Trust Group's business operations. The role of Ms. Zhang as a director of Jin Mao Advertising was because this entity was part of the Group prior to the Reorganisation and has been transferred to the Franshion Group as part of the Reorganisation. Save for Ms. Zhang's directorship in Jin Mao Advertising, she does not hold any roles with the Franshion Group. As such, Ms. Zhang's directorship in Jin Mao Advertising would not affect her role and responsibilities as senior management of the Group.

Ms. Zhang graduated from Shanghai University of Finance and Economics with a bachelor's degree in international accounting in June 2000 and obtained a master's degree in accounting from Shanghai University of Finance and Economics in February 2003.

TRUSTEE-MANAGER SECRETARY AND COMPANY SECRETARY

Ms. HO Wing Tsz Wendy, aged 44, is the Company Secretary of the Trustee-Manager and the Company. Ms. Ho is a Senior Manager of Corporate Services at Tricor Services Limited. Prior to joining Tricor Services Limited, Ms. Ho served as a manager of Tengis Limited, the company secretarial department of Ernst & Young in Hong Kong. Ms. Ho has extensive experience in a diversified range of corporate services and has been providing professional services for over 20 years. Ms. Ho is currently the named company secretary to a manager of a listed real estate investment trust and also the named/assistant company secretary of three listed companies in Hong Kong. Ms. Ho is a Chartered Secretary as well as a Fellow member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries ("**HKICS**"). She also holds a Practitioner's Endorsement Certificate issued by HKICS.

TRUSTEE-MANAGER AUDIT COMMITTEE

The Trustee-Manager Board has established the Trustee-Manager Audit Committee. The primary duties of the Trustee-Manager Audit Committee are to oversee the financial reporting system and internal control procedures of the Trustee-Manager and Jinmao Investments, review the financial information of the Trustee-Manager and Jinmao Investments and consider issues relating to the external auditors and their appointment.

The Trust Deed requires that the memberships of the Trustee-Manager Audit Committee and the Company Audit Committee must be the same.

The Trustee-Manager Audit Committee consists of three Trustee-Manager Directors. The members of the Trustee-Manager Audit Committee are:

Dr. CHEN Jieping (*Chairman*)
Dr. ZHANG Rungang
Mr. JIANG Nan

COMPANY BOARD COMMITTEES

The Company Board has established the Company Audit Committee and the Remuneration and Nomination Committee.

Company Audit Committee

The Company has established the Company Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Company Audit Committee are to oversee the financial reporting system and internal control procedures of the Company, review the financial information of the Company and consider issues relating to the external auditors and their appointment.

The Trust Deed requires that the memberships of the Company Audit Committee and the Trustee-Manager Audit Committee must be the same.

The Company Audit Committee consists of three Company Directors. The members of the Company Audit Committee are:

Dr. CHEN Jieping (*Chairman*)
Dr. ZHANG Rungang
Mr. JIANG Nan

Remuneration and Nomination Committee

The Company has established a remuneration and nomination committee of the Company Board in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration and nomination committee are (i) to make recommendations to the Company Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and (ii) to review the structure, size and composition of the Company Board, assess the independence of the independent non-executive directors and make recommendations to the Company Board on the appointment and re-appointment of directors and succession planning for directors..

The remuneration and nomination committee consists of three Company Directors. The members of the remuneration and nomination committee are:

Dr. CHUNG Shui Ming Timpson (*Chairman*)
Mr. LI Congrui
Dr. CHEN Jieping

DIRECTORS' REMUNERATION AND REMUNERATION OF FIVE HIGHEST PAID INDIVIDUALS

No remuneration was paid or is payable to any Director in his/her capacity as such during the Track Record Period. Of the seven Directors, four Directors received remuneration from the Franshion Group in respect of their services to the Franshion Group, including the Group. The amounts paid by the Franshion Group were not specifically allocated between their services to the Group and their services to the Franshion Group, respectively, as there is no arrangement to recharge the Group such expenses and there is no meaningful basis for performing a retrospective allocation of the services rendered by the Directors to the various group companies within the Franshion Group.

Under the current arrangements, the aggregate remuneration and benefits in kind payable to the Directors for FY2014 are estimated to be approximately HK$2.3 million.

For FY2011, FY2012 and FY2013, the aggregate amount or value of fees, salaries, housing allowances, other allowances, benefits in kind (including contribution to the Group's pension scheme on behalf of the five highest paid individuals) or any bonuses paid by the Group to the five highest paid individuals were approximately HK$8.1 million, HK$8.3 million and HK$9.1 million, respectively.

During the Track Record Period, no remuneration was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past directors of the Company or the five highest paid individuals for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group. None of the Directors had waived or agreed to waive any remuneration and/or emoluments during the Track Record Period.

Information on the letters of appointment entered into between the Company and the Company Directors and between the Trustee-Manager and the Trustee-Manager Directors is set out in *"Appendix X — Statutory and General Information"*.

COMPLIANCE ADVISER

The Company has appointed First Shanghai Capital Limited as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules to provide advisory services to the Company. In compliance with Rule 3A.23 of the Listing Rules, the Company must consult with, and if necessary, seek advice from, the compliance adviser on a timely basis in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated;

(c) where the Company proposes to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the Group's business activities, developments or results of operation deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry regarding unusual movements in the price or trading volume of the Share Stapled Units, the possible development of a false market in the Share Stapled Units or any other matters.

The term of the appointment of the compliance adviser will commence on the Listing Date and will end on the date on which the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the Listing Date.

RETIREMENT OR REMOVAL OF THE TRUSTEE-MANAGER

Under the Trust Deed, the Trustee-Manager may be removed as trustee-manager of Jinmao Investments by the Registered Holders of Units only by way of an Ordinary Resolution of Registered Holders of Units. Alternatively, under the Trust Deed, the trustee-manager of Jinmao Investments may resign from that position by notice to all Registered Holders of Units. Any removal or resignation of the trustee-manager must be made in accordance with the procedures as set out in the Trust Deed. Any purported change of the trustee-manager of Jinmao Investments is ineffective unless it is made in accordance with the Trust Deed. The removal or resignation shall only be effective upon the original trustee-manager or the resigning trustee-manager (as the case may be) having taken all necessary steps to transfer legal title to all Trust Property to the successor trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the trustee-manager which is being removed or is resigning will only cease, and the responsibilities and obligations of the successor trustee-manager will only commence, on all those necessary steps having been completed.

The Trustee-Manager will remain the trustee-manager of Jinmao Investments until another person is appointed by the Registered Holders of Units to be the trustee-manager of Jinmao Investments by an Ordinary Resolution of Registered Holders of Units, and such appointment shall be effective from the date stated in the resolution of the Registered Holders of Units. When there is any change of the trustee-manager of Jinmao Investments or any change of the Directors, an announcement will be made.

Please refer to *"Appendix VII — Trust Deed — Effects of Change of the Trustee-Manager"* for more detailed information regarding changes of the trustee-manager of Jinmao Investments.

FINANCIAL STATEMENTS AND REPORTS

Registered Holders of Share Stapled Units will be provided with:

(a) annual reports and audited consolidated financial statements of Jinmao Investments and the Company and the annual audited financial statements of the Trustee-Manager;

(b) semi-annual reports and unaudited consolidated financial statements of Jinmao Investments and the Company and the semi-annual unaudited financial statements of the Trustee-Manager; and

(c) preliminary announcements of results of Jinmao Investments, the Company and the Trustee-Manager, and other reports, circulars and information required to be provided under the Listing Rules and other relevant laws, rules and regulations,

within the applicable time periods prescribed by the Listing Rules and other relevant laws, rules and regulations.

The Trustee-Manager and the Company will prepare and publish their respective annual and semi-annual reports referred to above in the form of a combined document which will be sent to Registered Holders of Share Stapled Units within the applicable time period prescribed by the Listing Rules.

The Trustee-Manager Board will confirm in the annual report:

(a) that the charges paid or payable out of the Trust Property of Jinmao Investments to the Trustee-Manager are in accordance with the Trust Deed;

(b) that the connected transactions are entered into (i) in the ordinary and usual course of business of the Group and (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or obtained from the independent third parties, with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Registered Holders of Share Stapled Units as a whole; and

(c) whether the Trustee-Manager Board is aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of Jinmao Investments or on the interests of all the Registered Holders of Share Stapled Units as a whole.

The corporate governance report of the Trustee-Manager in the annual report will include a description of the policies and measures taken by the Trustee-Manager to manage conflicts and potential conflicts of interests between (1) Jinmao Investments and (2) any Unitholder holding 30% or more of the Units in issue, or any director or shareholder of the Trustee-Manager holding 30% or more of the issued shares in the Trustee-Manager.

Further information in relation to the financial statements and reports to be provided to the Registered Holders of Share Stapled Units is set out in *"Appendix VII — Trust Deed — Financial Statements and Reports"*.

Future Plans

See *"Business — Business Strategies"* for a detailed description of our future plans.

Use of Proceeds

The net proceeds from the Global Offering which Jinmao Investments and the Company will receive, after deducting the estimated underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and the additional discretionary fee) and expenses in relation to the Global Offering payable by Jinmao Investments and the Company, will be:

- approximately HK$3,052.2 million, assuming an Offer Price of HK$5.35 (being the Minimum Offer Price);
- approximately HK$3,139.5 million, assuming an Offer Price of HK$5.50 (being the mid-point of the Offer Price Range); or
- approximately HK$3,226.8 million, assuming an Offer Price of HK$5.65 (being the Maximum Offer Price).

Jinmao Investments and the Company intend to use the net proceeds from the Global Offering (assuming an Offer Price of HK$5.50 (being the mid-point of the Offer Price Range)) as follows:

- approximately HK$31.8 million (or 1.0% of the net proceeds) will be paid to Franshion for the provision of the Project Consulting Services pursuant to the Project Consulting Agreement;
- approximately HK$600.0 million (or 19.1% of the net proceeds) will be paid to Franshion for the settlement of the existing inter-company loans between the Group and the Franshion Group which are interest free, repayable on demand and which have not been repaid prior to the Listing Date; and
- the remaining proceeds of approximately HK$2,507.7 million (or 79.9% of the net proceeds) will be used for the partial settlement of the Pre-IPO Dividend payable to Franshion.

As the Over-allotment Option will be granted by Franshion, and not Jinmao Investments and the Company, Jinmao Investments and the Company will not receive any proceeds from any exercise of the Over-allotment Option. In the event the Over-allotment Option is exercised in full, after deducting the estimated underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and additional discretionary fee) and expenses in relation to the Global Offering payable by Franshion, the net proceeds which Franshion will receive from such exercise will be approximately HK$467.1 million (assuming the Offer Price is HK$5.35, being the Minimum Offer Price) or HK$493.2 million (assuming the Offer Price is HK$5.65, being the Maximum Offer Price).

In preparation of the Global Offering, the Trustee-Manager and the Company have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules:

1. Waiver in Relation to Non-Exempt Continuing Connected Transactions

Certain members of the Group have entered into certain transactions which will constitute continuing connected transactions of Jinmao Investments and the Company under the Listing Rules following the completion of the Global Offering. The Trustee-Manager (on behalf of Jinmao Investments) and the Company have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the announcement and/or independent shareholders' approval requirements in respect of such continuing connected transactions under Chapter 14A of the Listing Rules. For further details of such continuing connected transactions and the waiver, please see *"Connected Transactions — Waiver Application for Non-exempt Continuing Connected Transactions"*.

2. Permission for Allocation of Share Stapled Units to Directors

The Qualifying Franshion Shareholders who are entitled to participate in the Preferential Offering, include certain of the Directors and/or their associates. In the absence of a written consent from the Stock Exchange, participation by the Directors and/or their associates who are Qualifying Franshion Shareholders in the Preferential Offering would be prohibited by paragraph 5(2) of Appendix 6 to the Listing Rules which restricts share allocations to directors of the listing applicant or their associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 of the Listing Rules are fulfilled.

Rule 10.03 of the Listing Rules provides that directors of the listing applicant and their associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if (a) no securities are offered to them on a preferential basis and no preferential treatment is given to them in the allocation of the securities and (b) the minimum prescribed percentage of the public shareholders required by Rule 8.08(1) of the Listing Rules is achieved. The Reserved Share Stapled Units offered to the Directors and/or their associates who are Qualifying Franshion Shareholders are to be offered on a preferential basis pursuant to the Preferential Offering and therefore the condition set out in Rule 10.03(1) of the Listing Rules is not fulfilled. However, the Directors and/or their associates who are eligible to participate in the Preferential Offering will be participating in their capacity as Qualifying Franshion Shareholders (rather than in their capacity as Directors or the associates of Directors), on the same terms as all other Qualifying Franshion Shareholders, and not on a basis of preferential treatment given to them in their capacity as Directors or associates of Directors.

In view of the above, the Trustee-Manager (on behalf of Jinmao Investments) and the Company have sought the Stock Exchange's consent for, and the Stock Exchange has consented to, the inclusion of the Directors and/or their associates in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 to the Listing Rules and the requirements under Rule 10.03 of the Listing Rules, subject to the conditions that (a) no preferential treatment will be given to the Directors and/or their associates who are Qualifying Franshion Shareholders in the allocation of the Reserved Share Stapled Units under the Preferential Offering and (b) the minimum public float requirement under Rule 8.08(1) of the Listing Rules will be complied with.

3. Waiver in respect of Management Presence in Hong Kong

Pursuant to Rule 8.12 of the Listing Rules, all applicants applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This will normally means that at least two of the executive directors of the listing applicant must be ordinarily resident in Hong Kong.

The Group's principal business operations and all of its properties in its investment portfolio are located in the PRC. The Group's principal management headquarters, Directors and senior management are all primarily based in the PRC and the Group believes it is more effective and efficient for the Directors and senior management to be based in a location where the Group has significant operations.

Accordingly, the Trustee-Manager (on behalf of Jinmao Investments) and the Company have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, provided that Jinmao Investments and the Company will ensure there is an effective channel of communication between the Stock Exchange and Jinmao Investments and the Company by way of the following arrangements:

(i) the Company has designated Mr. Jiang Nan and Ms. Ho Wing Tsz Wendy, as its authorised representatives who will be the principal channel of communication with the Stock Exchange on behalf of Jinmao Investments and the Company and will make themselves available to communicate with the Stock Exchange. Both Mr. Jiang Nan and Ms. Ho Wing Tsz Wendy will be readily available for meetings with the Stock Exchange in person, if necessary, and will be readily contactable by the Stock Exchange by telephone, facsimile and email, if necessary, to deal with enquiries from the Stock Exchange from time to time;

(ii) all Directors who are not ordinarily resident in Hong Kong possess or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period. In addition, each Director has provided his or her contact details, such as mobile phone numbers, office phone numbers, email addresses and fax numbers, to the authorised representatives and to the Stock Exchange. This will ensure that each of the authorised representatives and the Stock Exchange will have the means to contact all of the Directors (including the independent non-executive Directors) promptly as and when required and when the Stock Exchange wishes to contact the Directors on any matters; and

(iii) Jinmao Investments and the Company have retained the services of First Shanghai Capital Limited to be their compliance adviser in compliance with Rule 3A.19 of the Listing Rules. The compliance adviser will, among other things, act as an additional channel of communication with the Stock Exchange in addition to the authorised representatives of Jinmao Investments and the Company. The Trustee-Manager and the Company will ensure that there are adequate and efficient means of communication among itself, its authorised representatives, Directors, other officers, and the compliance adviser.

CORNERSTONE INVESTMENTS

As part of the International Offering, the Trustee-Manager, the Company and the Joint Global Coordinators have entered into cornerstone investment agreements with Carnelian Investment Holdings Limited ("**Carnelian Investment**"), Mr. Gordon Tang, Mdm. Chen Huaidan and Shanghai Construction Group Co., Ltd. ("**Shanghai Construction**").

KEY TERMS OF THE CARNELIAN INVESTMENT AGREEMENT

Pursuant to the Carnelian Investment Agreement, Carnelian Investment has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$77,500,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units).

Assuming an Offer Price of HK$5.35 (being the Minimum Offer Price), the number of Share Stapled Units to be subscribed by Carnelian Investment would be 14,485,500, representing approximately 0.7% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. Assuming an Offer Price of HK$5.65 (being the Maximum Offer Price), the number of Share Stapled Units to be subscribed for by Carnelian Investment would be 13,716,500, representing approximately 0.7% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. The number of Share Stapled Units to be subscribed for by Carnelian Investment will not be affected by any reallocation of the Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, or any exercise of the Over-allotment Option as described in "*Structure of the Global Offering*". Carnelian Investment has agreed that, other than pursuant to the Carnelian Investment Agreement, Carnelian Investment will not subscribe for any Offer Share Stapled units pursuant to the Global Offering.

Information About Carnelian Investment

Carnelian Investment is incorporated in the British Virgin Islands and is wholly-owned by Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P., private equity investment funds established in Delaware, the United States. Carnelian Investment is principally engaged in the business of investment holding.

KEY TERMS OF THE GORDON TANG INVESTMENT AGREEMENT

Pursuant to the Gordon Tang Investment Agreement, Mr. Gordon Tang has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units).

Assuming an Offer Price of HK$5.35 (being the Minimum Offer Price), the number of Share Stapled Units to be subscribed by Mr. Tang would be 7,242,500, representing approximately 0.4% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. Assuming an Offer Price of HK$5.65 (being the Maximum Offer Price), the number of Share Stapled Units to be subscribed for by Mr. Tang would be 6,858,000, representing approximately 0.3% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. The number of Share Stapled Units to be subscribed for by Mr. Tang will not be affected by any reallocation of the Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, or any exercise of the Over-allotment Option as described in "*Structure of the Global Offering*". Mr. Tang has agreed that, other than pursuant to the Gordon Tang Investment Agreement, Mr. Tang will not subscribe for any Offer Share Stapled units pursuant to the Global Offering.

Information About Mr. Gordon Tang

Mr. Gordon Tang is currently a non-executive director of Catalist-listed SingHaiyi Group Limited (Stock Code: 5H0) in Singapore, which specialises in property development, real estate investment, real estate co-investing, property trading and real estate management services. Mr. Tang is the husband of Mdm. Chen Huaidan.

KEY TERMS OF THE CHEN HUAIDAN INVESTMENT AGREEMENT

Pursuant to the Chen Huaidan Investment Agreement, Mdm. Chen Huaidan has agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units).

Assuming an Offer Price of HK$5.35 (being the Minimum Offer Price), the number of Share Stapled Units to be subscribed by Mdm. Chen would be 7,242,500, representing approximately 0.4% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. Assuming an Offer Price of HK$5.65 (being the Maximum Offer Price), the number of Share Stapled Units to be subscribed for by Mdm. Chen would be 6,858,000, representing approximately 0.3% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. The number of Share Stapled Units to be subscribed for by Mdm. Chen will not be affected by any reallocation of the Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, or any exercise of the Over-allotment Option as described in "*Structure of the Global Offering*". Mdm. Chen has agreed that, other than pursuant to the Chen Huaidan Investment Agreement, Mdm. Chen will not subscribe for any Offer Share Stapled units pursuant to the Global Offering.

Information About Mdm. Chen Huaidan

Mdm. Chen Huaidan is the group managing director of Catalist-listed SingHaiyi Group Limited (Stock Code: 5H0) in Singapore, which specialises in property development, real estate investment, real estate co-investing, property trading and real estate management services. Mdm. Chen Huaidan is the wife of Mr. Gordon Tang.

KEY TERMS OF THE SHANGHAI CONSTRUCTION INVESTMENT AGREEMENT

Pursuant to the Shanghai Construction Investment Agreement, Shanghai Construction has agreed to subscribe or procure its wholly-owned subsidiary to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$155,000,000 (rounded down to the nearest whole board lot of 500 Share Stapled Units).

Assuming an Offer Price of HK$5.35 (being the Minimum Offer Price), the number of Share Stapled Units to be subscribed by Shanghai Construction or its nominated wholly-owned subsidiary would be 28,971,500, representing approximately 1.4% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. Assuming an Offer Price of HK$5.65 (being the Maximum Offer Price), the number of Share Stapled Units to be subscribed for by Shanghai Construction or its nominated wholly-owned subsidiary would be 27,433,500 representing approximately 1.4% of the total issued Share Stapled Units in issue immediately following the completion of the Global Offering. The number of Share Stapled Units to be subscribed for by Shanghai Construction or its nominated wholly-owned subsidiary will not be affected by any reallocation of the Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering, or any exercise of the Over-allotment Option as described in "*Structure of the Global Offering*". Shanghai Construction has agreed that, other than pursuant to the Shanghai Construction Investment Agreement, Shanghai Construction or its nominated wholly-owned subsidiary will not subscribe for any Offer Share Stapled units pursuant to the Global Offering.

Information About Shanghai Construction

Shanghai Construction Group Co., Ltd. is a company incorporated in the PRC and is listed on the Shanghai Stock Exchange (Stock Code: 600170). It is a subsidiary of Shanghai Construction (Group) General Company. Its principal activities include undertaking contracted construction projects, property development, infrastructure construction and investment, construction design and making other related investments.

CONDITIONS PRECEDENT

The subscription obligation of each of the cornerstone investors under their respective cornerstone investment agreements is conditional upon the following conditions precedent:

(a) the Underwriting Agreements being entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements or as subsequently waived or varied by agreement of the parties thereto;

(b) neither of the Underwriting Agreements having been terminated; and

(c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Share Stapled Units and such approval or permission not having been revoked prior to the commencement of dealings in the Share Stapled Units on the Stock Exchange.

RESTRICTIONS ON DISPOSAL OF SHARE STAPLED UNITS

Each of the above cornerstone investors has agreed that without the prior written consent of the Trustee-Manager, the Company and the Joint Global Coordinators, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any of the Share Stapled Units or any interest in any company or entity holding any of the Share Stapled Units, subscribed for by it pursuant to their respective cornerstone investment agreements, other than in some cases, some cornerstone investors could transfer or procure subscription of the Share Stapled Units to a wholly-owned subsidiary of such cornerstone investors, provided that such wholly-owned subsidiary undertakes in writing to be bound by the obligations under the relevant cornerstone investment agreement.

OTHER INFORMATION

Each cornerstone investor is an independent third party, is not a connected person of Jinmao Investments and the Company, and is not an existing Holder of Share Stapled Units. The Offer Share Stapled Units which are subscribed for by the cornerstone investors pursuant to their respective cornerstone investment agreements will count towards the public float of Share Stapled Units.

The Share Stapled Units to be delivered and issued to each of the above cornerstone investors pursuant to their respective cornerstone investment agreements will rank *pari passu* with all other Share Stapled Units then in issue and to be listed on the Stock Exchange.

Immediately following the completion of the Global Offering, none of the above cornerstone investors will have any representation on the board of directors of the Trustee-Manager or the Company. Compared with public Holders of Share Stapled Units, none of the above cornerstone investors has any preferential rights pursuant to their cornerstone investment agreements.

Details of the interests of the above cornerstone investors immediately following the completion of the Global Offering, will be disclosed in the allocation results announcement which is expected to be made by the Trustee-Manager and the Company on 30 June 2014.

HONG KONG UNDERWRITERS

Deutsche Bank AG, Hong Kong Branch
Morgan Stanley Asia Limited
DBS Asia Capital Limited
The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Securities (Hong Kong) Limited
Goldman Sachs (Asia) L.L.C.
J.P. Morgan Securities (Asia Pacific) Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering (which includes the Preferential Offering) is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 60,000,000 Hong Kong Offer Share Stapled Units and the International Offering of initially 540,000,000 International Offer Share Stapled Units (including the Preferential Offering), subject, in each case, to reallocation on the basis as described in *"Structure of the Global Offering"* as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on 18 June 2014. Pursuant to the Hong Kong Underwriting Agreement, the Trustee-Manager and the Company are offering the Hong Kong Offer Share Stapled Units for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Share Stapled Units in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Share Stapled Units being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occurs at any time prior to 8:00 a.m. on the Listing Date, the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters) may, in their absolute discretion, by giving notice to the Trustee-Manager, the Company and Franshion, terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into effect:

(i) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any governmental or other competent authority in or affecting Hong Kong, the PRC, the United States, the Cayman Islands, the British Virgin Islands or the European Union (or any member thereof) (the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in the local, national, regional or international financial, political, military, industrial, economic, currency, credit, market, fiscal, exchange control or regulatory conditions, any monetary or trading settlement system or equity securities or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any general moratorium on commercial banking activities in any of the Relevant Jurisdictions declared or imposed by the relevant governmental authorities or any disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(iv) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or the Tokyo Stock Exchange;

(v) any change or development involving a prospective change or amendment in taxation or exchange control, currency exchange rates or foreign investment regulations or the implementation of any exchange control (including a change in the system under which the value of the Hong Kong dollar is linked to the US dollar), in any of the Relevant Jurisdictions;

(vi) any adverse change or prospective adverse change in the earnings, results of operations, business, prospects, financial or trading position or condition (financial or otherwise) of the Trust Group;

(vii) any litigation or claim being threatened or instigated against the Trustee-Manager or any member of the Trust Group;

(viii) any event, or series of events, in the nature of force majeure (including, without limitation, acts of government, labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), outbreak of diseases or epidemic or pandemic, outbreak or escalation of hostilities (whether or not war is declared) or declaration of a national or international emergency, calamity or crisis) in or affecting any of the Relevant Jurisdictions;

(ix) any event, act or omission which gives or is likely to give rise to any liability of the Trustee-Manager, the Company or Franshion pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;

(x) any Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; the chairman of the Board of Directors of the Trustee-Manager or the chairman of the Board of Directors or chief executive officer of the Company vacating his office in circumstances where the operations of the Trust Group may be adversely affected; the commencement by any regulatory or political body or organisation of any investigation or action against a Director or any member of the Trust Group, or an announcement by any regulatory or political body or organisation that it intends to take any such action;

(xi) a prohibition on the Trustee- Manager or the Company for whatever reason from allotting or selling the Offer Share Stapled Units pursuant to the terms of the Global Offering; or

(xii) any non-compliance of this prospectus (or any other documents used in connection with the Global Offering) or any material aspect of the Global Offering or any material contravention by the Trustee-Manager or any member of the Trust Group of the Listing Rules or applicable laws and regulations; or

(b) the Trustee-Manager and the Company have issued, or intend or are required to issue, a supplement or amendment to this prospectus (or to any other documents used in connection with the Global Offering) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC, which, in the case of paragraph (a) or (b) above, individually or in the aggregate, in the opinion of the Joint Global Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will or may have a material adverse effect on the assets, liabilities, management, shareholders' equity, results of operations, business, prospects, financial or trading position or condition (financial or otherwise) of the Trust Group as a whole;

(2) has or will have or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the Preferential Offering or the level of interest under the International Offering;

(3) has or will have or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(4) makes or will make or may make it inadvisable, impracticable or inexpedient for the Hong Kong Public Offering and/or the Global Offering to proceed; or

(c) there has come to the notice of the Joint Global Coordinators or any of the Hong Kong Underwriters that:

(i) there has been a breach of, or any matter or event rendering untrue or incorrect in any respect, any of the warranties given by any of the Trustee-Manager, the Company or Franshion in the Hong Kong Underwriting Agreement;

(ii) there has been a material breach of any of the obligations imposed on any of the Trustee-Manager, the Company or Franshion in the Hong Kong Underwriting Agreement or the International Underwriting Agreement;

(iii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from this prospectus, the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Trustee-Manager and/or the Company in connection with the Hong Kong Public Offering or the Global Offering (including any supplement or amendment thereto) (the "**Relevant Offer Documents**");

(iv) any statement contained in the Relevant Offer Documents was, when it was issued, or has become untrue, incomplete or inaccurate or misleading in any material respect; or that any forecast, expression of opinion, intention or expectation contained in any of the Relevant Offer Documents is not fair and honest and based on reasonable assumptions;

(v) there has been an order or petition for the winding-up of the Trustee-Manager, any member of the Trust Group or Franshion (as the case may be), any composition or arrangement made by the Trustee-Manager, any member of the

Trust Group or Franshion (as the case may be) with its creditors, a scheme of arrangement entered into by the Trustee-Manager, any member of the Trust Group or Franshion (as the case may be), a resolution for the winding-up of the Trustee-Manager, any member of the Trust Group or Franshion (as the case may be), the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of the Trustee-Manager, any member of the Trust Group or Franshion (as the case may be) or anything analogous thereto occurring in respect of the Trustee-Manager, any member of the Trust Group or Franshion (as the case may be);

(vi) a valid demand by any creditor for repayment or payment of any material indebtedness of any member of the Trust Group or in respect of which any member of the Trust Group is liable prior to its stated maturity;

(vii) the Trustee-Manager and/or the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(viii) any person (other than any of the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in this prospectus (and/or certain other documents issued in connection with the Global Offering) or to the issue of any such documents; or

(ix) the approval by the Listing Committee for the listing of, and permission to deal in, the Share Stapled Units in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the Listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Trustee-Manager and the Company

Pursuant to Rule 10.08 of the Listing Rules, the Trustee-Manager and the Company have undertaken to the Stock Exchange that they will not exercise their power to issue any further Share Stapled Units, Units or Shares, or securities convertible into Share Stapled Units (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Share Stapled Units or securities will be completed within six months from the commencement of dealing), except (a) pursuant to the Global Offering or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by Franshion

Pursuant to Rule 10.07 of the Listing Rules, Franshion, as the Controlling Holder of Share Stapled Units, has undertaken to the Stock Exchange, the Trustee-Manager and the Company that, except pursuant to (a) any lending of Share Stapled Units pursuant to the Share Stapled Units Borrowing Agreement or (b) any sale of Share Stapled Units pursuant to any exercise of the Over-allotment Option, it will not and will procure that the relevant registered holder(s) will not:

(i) in the period commencing on the date by reference to which disclosure of its holding of Share Stapled Units is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Share Stapled Units in respect of which it is shown by this prospectus to be the beneficial owner; and

(ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Share Stapled Units referred to in paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Holder of Share Stapled Units,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, Franshion has undertaken to the Stock Exchange, the Trustee-Manager and the Company that, within the period commencing on the date by reference to which disclosure of its holding of Share Stapled Units is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will and will procure that the relevant registered holder(s) will:

(1) when it pledges or charges any Share Stapled Units beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Trustee-Manager and the Company of such pledge or charge together with the number of Share Stapled Units so pledged or charged; and

(2) when it receives indications, either verbal or written, from the pledgee or chargee of any Share Stapled Units that any of the pledged or charged Share Stapled Units will be disposed of, immediately inform the Trustee-Manager and the Company of such indications.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Trustee-Manager and the Company

Each of the Trustee-Manager and the Company has undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that (except for the offer, allotment and issue of Share Stapled Units pursuant to the Global Offering), at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including the date that is six months after the Listing Date (the "**First Six-Month Period**"), the Trustee-Manager and the Company will not, and will procure that each other member of the Trust Group will not, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, grant or sell any option, warrant, contract or right to subscribe for or purchase, either directly or indirectly, conditionally or unconditionally, any Share Stapled Units, Preference Shares, Ordinary Shares or other equity securities of the Company or interests in Jinmao Investments or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exercisable or exchangeable for, or represent the right to receive, or any warrants or other rights to purchase, any Share Stapled Units, Preference Shares or Ordinary Shares);

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Share Stapled Units, Preference Shares, Ordinary Shares or any other equity securities of the Company or interests in Jinmao Investments or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exercisable or exchangeable for, or represent the right to receive, or any warrants or other rights to purchase, any Share Stapled Units, Preference Shares or Ordinary Shares);

(c) enter into any transaction with the same economic effect as any transaction specified in paragraph (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a), (b) or (c) above,

in each case, whether any of the transactions specified in paragraph (a), (b) or (c) above is to be settled by delivery of Share Stapled Units, Preference Shares, Ordinary Shares or such other equity securities of the Company or interests in Jinmao Investments, or in cash or otherwise (whether or not the issue of the Share Stapled Units, the Preference Shares, the Ordinary Shares or such other securities will be completed within the First Six-Month Period).

If, during the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), the Trustee-Manager or the Company enters into any of the transactions specified in paragraph (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, the Trustee-Manager and the Company will take all reasonable steps to ensure that such transaction, offer, agreement or announcement will not create a disorderly or false market in the Share Stapled Units.

Undertakings by Franshion

Franshion has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters, the Trustee-Manager and the Company that, without the prior written consent of the Joint Global Coordinators (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) save for the lending of Share Stapled Units pursuant to the Share Stapled Units Borrowing Agreement and any sale of Share Stapled Units pursuant to any exercise of the Over-allotment Option, it will not, and will procure that the relevant registered holder(s) will not, at any time during the First Six-Month Period:

(i) sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Share Stapled Units, Preference Shares, Ordinary Shares or any other equity securities of the Company or interests in Jinmao Investments or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exercisable or exchangeable for, or represent the right to receive, or any warrants or other rights to purchase, any Share Stapled Units, Preference Shares or Ordinary Shares) beneficially owned by it as at the Listing Date (the "**Lock-Up Securities**"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any of the Lock-Up Securities; or

(iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (a)(ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (a)(ii) or (a)(iii) above,

in each case, whether any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above is to be settled by delivery of Share Stapled Units, Preference Shares, Ordinary Shares or any other equity securities of the Company or interests in Jinmao Investments, or in cash or otherwise;

(b) it will not, and will procure that the relevant registered holder(s) will not, during the Second Six-Month Period, enter into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above or offer to or agree to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it would cease to be a Controlling Holder of the Share Stapled Units; and

(c) until the expiry of the Second Six-Month Period, if it or any of the relevant registered holder(s) enters into any of the transactions specified in paragraph (a)(i), (a)(ii) or (a)(iii) above in respect of the Lock-Up Securities or offers to or agrees to or publicly announces any intention to effect any such transaction, it will take all reasonable steps to ensure that such transaction will not create a disorderly or false market in the Share Stapled Units.

In addition, Franshion has undertaken to each of the Joint Global Coordinators, the Joint Sponsors, the Hong Kong Underwriters, the Trustee-Manager and the Company that it will, and it will procure that the relevant registered holder(s) will, at any time within the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date which is 12 months after the Listing Date:

(a) upon any pledge or charge in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) of any Share Stapled Units, Preference Shares, Ordinary Shares or other equity securities of the Company or interests in Jinmao Investments beneficially owned by it for a *bona fide* commercial loan, immediately inform the Trustee-Manager, the Company and the Joint Global Coordinators in writing of such pledge or charge together with the number of Share Stapled Units, Preference Shares, Ordinary Shares or other equity securities of the Company or amount of the interests in Jinmao Investments which are so pledged or charged and the purpose for which such pledge or charge is created; and

(b) upon any indication received by it, either verbal or written, from any pledgee or chargee that any of the pledged or charged Share Stapled Units, Preference Shares, Ordinary Shares or other equity securities of the Company or interests in Jinmao Investments will be disposed of, immediately inform the Trustee-Manager, the Company and the Joint Global Coordinators in writing of such indication.

The Trustee-Manager and the Company have agreed and undertaken to each of the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters that, upon receiving such information in writing from Franshion, they will, as soon as practicable, notify the Stock Exchange and make a public announcement in relation to such information in accordance with the Listing Rules and, if applicable, the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

Hong Kong Underwriters' Interests in Jinmao Investments and the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and, if applicable, the Share Stapled Units Borrowing Agreement, as at the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any Share Stapled Units or any securities of Jinmao Investments, the Trustee-Manager or any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Share Stapled Units or any securities of Jinmao Investments, the Trustee-Manager or any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Share Stapled Units as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Trustee-Manager, the Company and Franshion expect to enter into the International Underwriting Agreement with the International Underwriters on the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally to subscribe for, or procure subscribers for, their respective applicable proportions of the International Offer Share Stapled Units initially being offered pursuant to the International Offering. Please refer to *"Structure of the Global Offering — The International Offering"* for further details.

Over-allotment Option

Franshion is expected to grant to the International Underwriters the Over-allotment Option pursuant to which Franshion may be required to sell up to an aggregate of 90,000,000 Share Stapled Units, representing not more than 15% of the number of Offer Share Stapled Units initially available under the Global Offering, at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any. Please refer to *"Structure of the Global Offering — Over-allotment Option"* for further details.

Commissions and Expenses

The Underwriters will receive an underwriting commission of 2.0% of the aggregate Offer Price of all the Offer Share Stapled Units (including any Offer Share Stapled Units to be sold pursuant to the exercise of the Over-allotment Option), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of up to 0.5% of the aggregate Offer Price of all of the Offer Share Stapled Units (including any Offer Share Stapled Units to be sold pursuant to the exercise of the Over-allotment Option). In addition, the Underwriters may receive an additional discretionary fee of up to 0.5% of the aggregate Offer Price of all of the Offer Share Stapled Units (including any Offer Share Stapled Units to be sold pursuant to the exercise of the Over-allotment Option).

For any unsubscribed Hong Kong Offer Share Stapled Units reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an Offer Price of HK$5.50 per Offer Share Stapled Unit (which is the mid-point of the Offer Price Range), the full payment of the discretionary incentive fee and the additional discretionary fee and the exercise of the Over-allotment Option in full) will be approximately HK$113.9 million, of which approximately HK$99.0 million will be payable by the Trustee-Manager and the Company and approximately HK$14.9 million will be payable by Franshion (if the Over-allotment Option is exercised in full).

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$160.8 million (assuming an Offer Price of HK$5.50 per Offer Share Stapled Unit (which is the mid-point of the Offer Price Range) and the full payment of the discretionary incentive fee and the additional discretionary fee) and will be paid by the Trustee-Manager and the Company, save for the underwriting commissions and fees relating to the Offer Share Stapled Units to be sold by Franshion pursuant to the exercise of the Over-allotment Option, which will be paid by Franshion.

Indemnity

The Trustee-Manager and the Company have agreed to jointly and severally indemnify the Hong Kong Underwriters out of the Trust Property for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by them of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of Jinmao Investments and/or the Company and/or persons and entities with relationships with Jinmao Investments and/or the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt (including with respect to the Loan Facility, which loans, swaps or other financial instruments may be dependent on whether the Global Offering closes and as such may impact the Syndicate Members' and their affiliates' economic gains and losses).

In relation to the Share Stapled Units, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Share Stapled Units, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Share Stapled Units (which financing may be secured by the Share Stapled Units) in the Global Offering, proprietary trading in the Share Stapled Units, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Share Stapled Units. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Share Stapled Units, which may have a negative impact on the trading price of the Share Stapled Units. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Share Stapled Units, in baskets of securities or indices including the Share Stapled Units, in units of funds that may purchase the Share Stapled Units, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Share Stapled Units as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Share Stapled Units in most cases.

All such activities may occur both during and after the end of the stabilising period described in *"Structure of the Global Offering"*. Such activities may affect the market price or value of the Share Stapled Units, the liquidity or trading volume in the Share Stapled Units and the volatility of the price of the Share Stapled Units, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Share Stapled Units, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Share Stapled Units), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Share Stapled Units at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to the Trustee-Manager or the Company and each of their affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions. In particular, affiliates of the Joint Sponsors are lenders under one or more of the Group's bank loan facilities and will receive fees from the Group in connection therewith. See *"Financial Information — Indebtedness"* for further details.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Deutsche Bank AG, Hong Kong Branch, Morgan Stanley Asia Limited, DBS Asia Capital Limited, The Hongkong and Shanghai Banking Corporation Limited and Standard Chartered Securities (Hong Kong) Limited are the Joint Global Coordinators of the Global Offering.

The listing of the Share Stapled Units on the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of Jinmao Investments and the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Share Stapled Units in issue and to be issued as mentioned in this prospectus.

600,000,000 Offer Share Stapled Units will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 60,000,000 Share Stapled Units (subject to reallocation) in Hong Kong as described in *"— The Hong Kong Public Offering"* below; and

(b) the International Offering of initially 540,000,000 Share Stapled Units (subject to reallocation and the Over-allotment Option) (i) in the United States solely to QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and (ii) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in *"— The International Offering"* below.

Of the 540,000,000 Offer Share Stapled Units initially being offered under the International Offering, 80,000,000 Share Stapled Units will be offered under the Preferential Offering to the Qualifying Franshion Shareholders as an Assured Entitlement as described in *"— The Preferential Offering"* below.

Investors may either:

(a) apply for Hong Kong Offer Share Stapled Units under the Hong Kong Public Offering; or

(b) apply for or indicate an interest for International Offer Share Stapled Units under the International Offering,

but may not do both (except that Qualifying Franshion Shareholders who are eligible to apply for the Reserved Share Stapled Units in the Preferential Offering may also either (i) apply for Hong Kong Offer Share Stapled Units under the Hong Kong Public Offering, if eligible or (ii) indicate an interest for International Offer Share Stapled Units under the International Offering, if qualified to do so).

The Offer Share Stapled Units will represent 30.0% of the total Share Stapled Units in issue immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Share Stapled Units will represent 34.5% of the total Share Stapled Units in issue immediately following the completion of the Global Offering.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Share Stapled Units initially offered

The Trustee-Manager and the Company are initially offering 60,000,000 Share Stapled Units for subscription by the public in Hong Kong at the Offer Price, representing 10.0% of the total number of Offer Share Stapled Units initially available under the Global Offering. The number of Share Stapled Units initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering, will represent 3.0% of the total Share Stapled Units in issue immediately following the completion of the Global Offering.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in *"— Conditions of the Global Offering"* below.

Allocation

Allocation of Offer Share Stapled Units to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Share Stapled Units validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Share Stapled Units, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Share Stapled Units.

For allocation purposes only, the total number of Hong Kong Offer Share Stapled Units available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Share Stapled Units in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Share Stapled Units with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Share Stapled Units in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Share Stapled Units with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Share Stapled Units in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Share Stapled Units will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Share Stapled Units means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Share Stapled Units from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 30,000,000 Hong Kong Offer Share Stapled Units are liable to be rejected.

Reallocation

The allocation of the Offer Share Stapled Units between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Share Stapled Units under the Hong Kong Public Offering to a certain percentage of the total number of Offer Share Stapled Units offered under the Global Offering if certain prescribed total demand levels are reached.

If the number of Offer Share Stapled Units validly applied for under the Hong Kong Public Offering represents (a) 15 times or more but less than 50 times, (b) 50 times or more but less than 100 times and (c) 100 times or more of the total number of Offer Share Stapled Units initially available under the Hong Kong Public Offering, then Offer Share Stapled Units will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Share Stapled Units available under the Hong Kong Public Offering will be increased to 180,000,000 Offer Share Stapled Units (in the case of (a)), 240,000,000 Offer Share Stapled Units (in the case of (b)) and 300,000,000 Offer Share Stapled Units (in the case of (c)), representing 30%, 40% and 50% of the total number of Offer Share Stapled Units initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Share Stapled Units reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Share Stapled Units allocated to the International Offering will be correspondingly reduced in such manner as the Joint Global Coordinators deem appropriate.

In addition, the Joint Global Coordinators may reallocate Offer Share Stapled Units from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Share Stapled Units to be offered in the Hong Kong Public Offering and the Offer Share Stapled Units to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings at the discretion of the Joint Global Coordinators.

The Reserved Share Stapled Units which are offered under the Preferential Offering to Qualifying Franshion Shareholders out of the Offer Share Stapled Units being offered under the International Offering will not be subject to reallocation between the Hong Kong Public Offering and the International Offering.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Share Stapled Units under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he has been or will be placed or allocated International Offer Share Stapled Units under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share Stapled Unit, amounting to a total of HK$2,853.47 for one board lot of 500 Share Stapled Units. If the Offer Price, as finally determined in the manner described in *"— Pricing and Allocation"* below, is less than the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*.

THE PREFERENTIAL OFFERING

Basis of the Assured Entitlement

In order to enable Franshion Shareholders to participate in the Global Offering on a preferential basis as to allocation only, subject to the Stock Exchange granting approval for the listing of, and permission to deal in, the Share Stapled Units on the Main Board of the Stock Exchange and such approval not having been withdrawn and the Global Offering becoming unconditional, Qualifying Franshion Shareholders are being invited to apply for an aggregate of 80,000,000 Reserved Share Stapled Units in the Preferential Offering, representing approximately 13.3% of the Share Stapled Units initially available under the Global Offering, as an Assured Entitlement. The Reserved Share Stapled Units are being offered out of the International Offer Share Stapled Units under the International Offering and are not subject to reallocation as described in *"— The Hong Kong Public Offering — Reallocation"* above.

The basis of the Assured Entitlement is one Reserved Share Stapled Unit for every 114 Franshion Shares held by Qualifying Franshion Shareholders on the Record Date.

Qualifying Franshion Shareholders should note that their Assured Entitlement to Reserved Share Stapled Units may not represent a full board lot of 500 Share Stapled Units. No odd lot matching services will be provided and dealings in odd lots of the Share Stapled Units may be at a price below the prevailing market price for full board lots.

The Assured Entitlements of Qualifying Franshion Shareholders to Reserved Share Stapled Units are not transferable. There will be no trading in nil-paid entitlements on the Stock Exchange.

Qualifying Franshion Shareholders who hold less than 114 Franshion Shares on the Record Date and therefore will not have an Assured Entitlement to the Reserved Share Stapled Units will still be entitled to participate in the Preferential Offering by applying for excess Reserved Share Stapled Units as further described below.

Basis of Allocation for Applications for Reserved Share Stapled Units

Qualifying Franshion Shareholders may apply for a number of Reserved Share Stapled Units which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Share Stapled Units under the Preferential Offering.

A valid application for a number of Reserved Share Stapled Units which is less than or equal to a Qualifying Franshion Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue Form eIPO** service via **www.eipo.com.hk** and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Franshion Shareholder applies for a number of Reserved Share Stapled Units which is greater than the Qualifying Franshion Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Share Stapled Units as described below.

Where a Qualifying Franshion Shareholder applies for excess Reserved Share Stapled Units only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Share Stapled Units as described below.

Qualifying Franshion Shareholders (other than HKSCC Nominees) who intend to apply for less than their Assured Entitlement using the **BLUE** Application Forms for Assured Entitlement or who intend to apply for excess Reserved Share Stapled Units using the **BLUE** Application Forms for Excess Reserved Share Stapled Units, should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount.

To the extent that excess applications for the Reserved Share Stapled Units are:

(a) less than the Assured Entitlement not taken up by the Qualifying Franshion Shareholders (the "**Available Reserved Share Stapled Units**"), the Available Reserved Share Stapled Units will first be allocated to satisfy such excess applications for the Reserved Share Stapled Units in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Share Stapled Units, the Available Reserved Share Stapled Units will be allocated to satisfy such excess applications for the Reserved Share Stapled Units in full; or

(c) more than the Available Reserved Share Stapled Units, the Available Reserved Share Stapled Units will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscriptions in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Share Stapled Units remaining after satisfying the excess applications, such Share Stapled Units will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Share Stapled Units.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Beneficial Franshion Shareholders whose Franshion Shares are held by a nominee company should note that the Trustee-Manager and the Company will regard the nominee company as a single Franshion Shareholder according to the register of members of Franshion. Accordingly, Beneficial Franshion Shareholders whose Franshion Shares are held by a nominee company should note that the arrangement under paragraph (c) above will not apply to them individually. Any Beneficial Franshion Shareholders whose Franshion Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to applications for Reserved Share Stapled Units under the Preferential Offering. Any such person is advised to consider whether it wishes to arrange for the registration of the relevant Franshion Shares in the name of the beneficial owner prior to the Record Date.

Applications by Qualifying Franshion Shareholders for Hong Kong Offer Share Stapled Units

In addition to any application for Reserved Share Stapled Units made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, Qualifying Franshion Shareholders will be entitled to make one application for Hong Kong Offer Share Stapled Units on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC via CCASS or by applying through the **White Form eIPO** service. Qualifying Franshion Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Share Stapled Units made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Qualifying Franshion Shareholders and Non-Qualifying Franshion Shareholders

Only Franshion Shareholders whose names appeared on the register of members of Franshion on the Record Date and who are not Non-Qualifying Franshion Shareholders are entitled to subscribe for the Reserved Share Stapled Units under the Preferential Offering.

Non-Qualifying Franshion Shareholders are those Franshion Shareholders with registered addresses in, or who are otherwise known by Franshion to be residents of, jurisdictions outside Hong Kong on the Record Date who the directors of Franshion and the

Trustee-Manager and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Franshion Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Franshion, the Trustee-Manager and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Share Stapled Units to the Franshion Shareholders in the Specified Territories. Having considered the circumstances, the directors of Franshion, the Trustee-Manager and the Company have formed the view that it is necessary or expedient to restrict the ability of Franshion Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Share Stapled Units under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Trustee-Manager, the Company and the Franshion Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Franshion Shareholders are:

(a) Franshion Shareholders whose names appeared in the register of members of Franshion on the Record Date and whose addresses as shown in such register is/are in any of the Specified Territories; and

(b) Franshion Shareholders or Beneficial Franshion Shareholders on the Record Date who are otherwise known by Franshion to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Trustee-Manager and the Company reserve the right to permit any Franshion Shareholder to take up his/her/its Assured Entitlement to the Reserved Share Stapled Units if the Trustee-Manager and the Company, in their absolute discretion, are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been despatched to all Qualifying Franshion Shareholders. In addition, Qualifying Franshion Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Franshion's corporate communications policy. For further details, see *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*.

Application Procedures

The procedures for application under and the terms and conditions of the Preferential Offering are set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"* and on the **BLUE** Application Forms.

THE INTERNATIONAL OFFERING

Number of Offer Share Stapled Units initially offered

The International Offering will consist of an offering of initially 540,000,000 Share Stapled Units, representing 90.0% of the total number of Offer Share Stapled Units initially available under the Global Offering. The Reserved Share Stapled Units being offered pursuant to the Preferential Offering are being offered out of the International Offer Share Stapled Units. The number of Share Stapled Units initially offered under the International Offering, subject to any reallocation of Offer Share Stapled Units between the International Offering and the Hong Kong Public Offering, will represent 27.0% of the total Share Stapled Units in issue immediately following the completion of the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Share Stapled Units to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Share Stapled Units in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Share Stapled Units pursuant to the International Offering will be effected in accordance with the "book-building" process described in *"— Pricing and Allocation"* below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Share Stapled Units, and/or hold or sell its Share Stapled Units, after the Listing. Such allocation is intended to result in a distribution of the Share Stapled Units on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Trust Group and the Holders of Share Stapled Units as a whole.

The Joint Global Coordinators (on behalf of the Underwriters) may require any investor who has been offered Offer Share Stapled Units under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Joint Global Coordinators so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Share Stapled Units under the Hong Kong Public Offering.

Reallocation

The total number of Offer Share Stapled Units to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in *"— The Hong Kong Public Offering — Reallocation"* above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Share Stapled Units originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, Franshion is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Joint Global Coordinators (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, to require Franshion to sell up to an aggregate of 90,000,000 Share Stapled Units, representing not more than 15% of the total number of Offer Share Stapled Units initially available under the Global Offering, at the Offer Price under the International Offering to, among other things, cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional International Offer Share Stapled Units to be sold pursuant thereto will represent 4.5% of the total Share Stapled Units in issue immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Share Stapled Units at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager (or any person acting for it) to conduct any such stabilising action. Such stabilising action, if taken, (a) will be conducted at the absolute discretion of the Stabilising Manager (or any person acting for it) and in what the Stabilising Manager reasonably regards as the best interest of Jinmao Investments and the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Share Stapled Units, (b) selling or agreeing to sell the Share Stapled Units so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Share Stapled Units, (c) purchasing, or agreeing to purchase, the Share Stapled Units pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the Share Stapled Units for the sole purpose of preventing or minimising any reduction in the market price of the Share Stapled Units, (e) selling or agreeing to sell any Share Stapled Units in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in paragraph (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Share Stapled Units should note that:

(a) the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Share Stapled Units;

(b) there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

(c) liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the Share Stapled Units;

(d) no stabilising action can be taken to support the price of the Share Stapled Units for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Thursday, 24 July 2014, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Share Stapled Units, and therefore the price of the Share Stapled Units, could fall;

(e) the price of the Share Stapled Units cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

(f) stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Share Stapled Units.

The Trustee-Manager and the Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-Allocation

Following any over-allocation of Share Stapled Units in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, among other methods, exercising the Over-allotment Option in full or in part, by using Share Stapled Units purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the Share Stapled Units Borrowing Agreement as detailed below or a combination of these means.

SHARE STAPLED UNITS BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations, if any, in connection with the International Offering, the Stabilising Manager (or any person acting for it) may choose to borrow up to 90,000,000 Share Stapled Units (being the maximum number of Share Stapled Units which may be sold pursuant to the exercise of the Over-allotment Option) from Franshion pursuant to the Share Stapled Units Borrowing Agreement, which is expected to be entered into between the Stabilising Manager (or any person acting for it) and Franshion on or about the Price Determination Date.

If the Share Stapled Units Borrowing Agreement with Franshion is entered into, the borrowing of Share Stapled Units will only be effected by the Stabilising Manager (or any person acting for it) for the settlement of over-allocations in the International Offering and such borrowing arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Share Stapled Units Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of Share Stapled Units so borrowed must be returned to Franshion or its nominees, as the case may be, on or before the third business day following the earlier of (a) the last day for exercising the Over-allotment Option and (b) the day on which the Over-allotment Option is exercised in full.

The Share Stapled Units borrowing arrangement described above will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Franshion by the Stabilising Manager (or any person acting for it) in relation to such Share Stapled Units borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Share Stapled Units for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, 25 June 2014 and, in any event, no later than Monday, 30 June 2014, by agreement among the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company, and the number of Offer Share Stapled Units to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$5.65 per Offer Share Stapled Unit and is expected to be not less than HK$5.35 per Offer Share Stapled Unit, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering and the Preferential Offering must pay, on application, the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit plus brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$2,853.47 for one board lot of 500 Share Stapled Units. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Minimum Offer Price stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Share Stapled Units in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Share Stapled Units under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Joint Global Coordinators (on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Trustee-Manager, the Company and Franshion, reduce the number of Offer Share Stapled Units offered and/or the Offer Price Range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering. In such a case, the Trustee-Manager and the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering and the Preferential Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at **www.jinmao88.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Share Stapled Units and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company, will be fixed within such revised Offer Price range.

Before submitting applications for the Hong Kong Offer Share Stapled Units, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Share Stapled Units and/or the Offer Price Range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Share Stapled Units will not be reduced and/or the Offer Price, if agreed upon by the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company, will under no circumstances be set outside the Offer Price Range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering, the basis of allocations of the Hong Kong Offer Share Stapled Units and the Reserved Share Stapled Units and the results of allocations in the Hong Kong Public Offering and the Preferential Offering are expected to be made available through a variety of channels in the manner described in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units — Publication of Results"*.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company agreeing on the Offer Price.

The Trustee-Manager and the Company expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in *"Underwriting"*.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Share Stapled Units will be conditional on:

(a) the Listing Committee granting approval for the listing of, and permission to deal in, the Share Stapled Units in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and such approval not having been withdrawn;

(b) the Offer Price having been agreed between the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Joint Global Coordinators (on behalf of the Underwriters), Franshion, the Trustee-Manager and the Company on or before Monday, 30 June 2014, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Trustee-Manager and the Company in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at **www.jinmao88.com** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in *"How to Apply for Hong Kong Offer Share Stapled Units and Reserved Share Stapled Units"*. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share Stapled Unit certificates for the Offer Share Stapled Units will only become valid at 8:00 a.m. on Wednesday, 2 July 2014, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARE STAPLED UNITS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 2 July 2014, it is expected that dealings in the Share Stapled Units on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 2 July 2014.

The Share Stapled Units will be traded in board lots of 500 Share Stapled Units each and the stock code of the Share Stapled Units will be 06139.

IMPORTANT

Jinmao Investments and the Company will be relying on Section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and will be issuing (a) the **WHITE** and **YELLOW** Application Forms without them being accompanied by a printed prospectus and (b) the **BLUE** Application Forms to the relevant Qualifying Franshion Shareholders without them being accompanied by a printed prospectus, unless the relevant Qualifying Franshion Shareholders have elected to receive corporate communications in printed form under Franshion's corporate communications policy or have not been asked to elect the means of receiving Franshion's corporate communications, in which case the printed prospectus will be despatched to them separately. The contents of the printed prospectus are identical to the electronic version of the prospectus which can be accessed and downloaded from the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** under the *"HKExnews > Listed Company Information > Latest Listed Company Information"* section, respectively.

Members of the public and Qualifying Franshion Shareholders may obtain a copy of the printed prospectus, free of charge, upon request during normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 at the following locations:

1. any of the following branches of the receiving banks for the Hong Kong Public Offering:

(a) **Industrial and Commercial Bank of China (Asia) Limited**

	Branch Name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan
	Causeway Bay Branch	Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsimshatsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong

	Branch Name	Address
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po
	Sheung Shui Branch	Shop 2, G/F, San Fung Building, No.33 San Fung Avenue, Shek Wu Hui, Sheung Shui

(b) **DBS Bank (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central
	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
	Hennessy Road Branch	G/F,427-429 Hennessy Road, Causeway Bay
Kowloon	Nathan Road Branch	G/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsim Sha Tsui
	Hoi Yuen Road Branch	Unit 2, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long
	Shatin Plaza Branch	Shop 47 & 48, Level 1, Shatin Plaza, No. 21-27 Sha Tin Centre Street, Shatin
	Tsuen Wan Branch	G/F, 23 Chung On Street, Tsuen Wan

2. any of the following offices of the Joint Global Coordinators:

   (a) **Deutsche Bank AG, Hong Kong Branch**, at Level 52, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

   (b) **Morgan Stanley Asia Limited**, at Level 46, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong;

   (c) **DBS Asia Capital Limited**, at 17th Floor, The Center, 99 Queen's Road Central, Hong Kong;

   (d) **The Hongkong and Shanghai Banking Corporation Limited** , at 1 Queen's Road Central, Hong Kong; and

   (e) **Standard Chartered Securities (Hong Kong) Limited**, at 15/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong; and

3. the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong.

Details of where printed prospectuses may be obtained will be displayed prominently at every branch of Industrial and Commercial Bank of China (Asia) Limited and DBS Bank (Hong Kong) Limited where WHITE Application Forms are distributed.

During normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014, at least three copies of the printed prospectus will be available for inspection at every location where the **WHITE** and **YELLOW** Application Forms are distributed as set out below.

A. APPLICATIONS FOR HONG KONG OFFER SHARE STAPLED UNITS

1. How to Apply

If you apply for Hong Kong Offer Share Stapled Units, then you may not apply for or indicate an interest for International Offer Share Stapled Units (except in respect of Reserved Share Stapled Units applied for pursuant to the Preferential Offering).

To apply for Hong Kong Offer Share Stapled Units, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online through the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Trustee-Manager, the Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents may reject or accept any application, in full or in part, for any reason at their discretion.

2. Who Can Apply

You can apply for Hong Kong Offer Share Stapled Units on a **WHITE** or **YELLOW** Application Form if you or any person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you apply for Hong Kong Offer Share Stapled Units online through the **White Form eIPO** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Trustee-Manager, the Company and the Joint Global Coordinators, as the Trustee-Manager's and the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Share Stapled Units.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Share Stapled Units if:

- you are an existing beneficial owner of Share Stapled Units or Shares or an associate of any such owner;
- you are a Director of the Trustee-Manager or the Company, or an associate of any such Director;

- you are a connected person of Jinmao Investments, the Trustee-Manager or the Company, or a person who will become a connected person of Jinmao Investments, the Trustee-Manager or the Company immediately upon the completion of the Global Offering; or

- you have been allocated or have applied for any International Offer Share Stapled Units or otherwise participate in the International Offering (except in respect of Reserved Share Stapled Units applied for pursuant to the Preferential Offering).

3. Applying for Hong Kong Offer Share Stapled Units

Which Application Channel to Use

For Hong Kong Offer Share Stapled Units to be issued in your own name, use a WHITE Application Form or apply only through the **White Form eIPO** service at **www.eipo.com.hk**.

For Hong Kong Offer Share Stapled Units to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 from:

(a) any of the following offices of the Joint Global Coordinators:

Deutsche Bank AG,
Hong Kong Branch
Level 52
International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Morgan Stanley Asia Limited
Level 46
International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

DBS Asia Capital Limited
17th Floor, The Center,
99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central
Hong Kong

Standard Chartered Securities (Hong Kong) Limited
15/F, Two International Finance Centre
8 Finance Street
Central, Hong Kong

(b) any of the following branches of the receiving banks for the Hong Kong Public Offering:

(i) **Industrial and Commercial Bank of China (Asia) Limited**

	Branch Name	Address
Hong Kong Island	Central Branch	1/F, 9 Queen's Road Central
	Sheung Wan Branch	Shop F, G/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Sheung Wan
	Causeway Bay Branch	Shop A, G/F, Jardine Center, 50 Jardine's Bazaar, Causeway Bay
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsimshatsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsimshatsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong
New Territories	Tsuen Wan Castle Peak Road Branch	G/F, 423-427 Castle Peak Road Tsuen Wan
	Tai Po Branch	Shop F, G/F, Mee Fat Building, No 34-38 Tai Wing Lane, Tai Po
	Sheung Shui Branch	Shop 2, G/F, San Fung Building, No.33 San Fung Avenue, Shek Wu Hui, Sheung Shui

(ii) **DBS Bank (Hong Kong) Limited**

	Branch Name	Address
Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central
	United Centre Branch	Shops 1015-1018, 1/F & Shops 2032-2034, 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point
	Hennessy Road Branch	G/F,427-429 Hennessy Road, Causeway Bay

	Branch Name	Address
Kowloon	Nathan Road Branch	G/F, Wofoo Commercial Building, 574-576 Nathan Road, Mongkok
	Tsimshatsui Branch	G/F, 22-24 Cameron Road, Tsim Sha Tsui
	Hoi Yuen Road Branch	Unit 2, G/F, Hewlett Centre, 54 Hoi Yuen Road, Kwun Tong
New Territories	Yuen Long Branch	G/F, 1-5 Tai Tong Road, Yuen Long
	Shatin Plaza Branch	Shop 47 & 48, Level 1, Shatin Plaza, No. 21-27 Sha Tin Centre Street, Shatin
	Tsuen Wan Branch	G/F, 23 Chung On Street, Tsuen Wan

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 from:

- the Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Jinmao Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above at the following times:

Thursday, 19 June 2014 — 9:00 a.m. to 5:00 p.m.
Friday, 20 June 2014 — 9:00 a.m. to 5:00 p.m.
Saturday, 21 June 2014 — 9:00 a.m. to 1:00 p.m.
Monday, 23 June 2014 — 9:00 a.m. to 5:00 p.m.
Tuesday, 24 June 2014 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

4. Terms and Conditions of an Application

Follow the detailed instructions in the **WHITE** or **YELLOW** Application Form carefully, otherwise your application may be rejected.

By submitting a **WHITE** or **YELLOW** Application Form or applying through the **White Form eIPO** service, among other things, you:

(a) undertake to execute all relevant documents and instruct and authorise the Trustee-Manager, the Company and/or the Joint Global Coordinators (or their agents or nominees), as agents of the Trustee-Manager and the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Share Stapled Units allocated to you in your name or in the name of HKSCC Nominees as required by the Trust Deed and the Company's Articles;

(b) agree to comply with the Trust Deed, the Memorandum and Articles of Association of the Company, the Companies Ordinance and the Cayman Companies Law;

(c) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(d) confirm that you have received and read this prospectus and have relied only on the information and representations in this prospectus in making your application and will not rely on any other information or representations, except those in any supplement to this prospectus;

(e) confirm that you are aware of the restrictions on the Global Offering set out in this prospectus;

(f) agree that none of the Trustee-Manager, the Company, the Relevant Persons and the White Form eIPO Service Provider is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

(g) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Share Stapled Units nor participated in the International Offering (except in respect of Reserved Share Stapled Units applied for pursuant to the Preferential Offering);

(h) agree to disclose to the Trustee-Manager, the Company, the Share Stapled Units Registrar, the receiving banks and the Relevant Persons any personal data which any of them may require about you and the person(s) for whose benefit you have made the application;

(i) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Trustee-Manager, the Company and the Relevant Persons will breach any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions in this prospectus and the Application Form;

(j) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(k) agree that your application will be governed by the laws of Hong Kong;

(l) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Share Stapled Units have not been and will not be registered under the U.S. Securities Act and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Share Stapled Units are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(m) warrant that the information you have provided is true and accurate;

(n) agree to accept the Hong Kong Offer Share Stapled Units applied for or any lesser number allocated to you under the application;

(o) authorise (i) the Trustee-Manager and the Company to place your name(s) or the name of HKSCC Nominees on the Share Stapled Units Register as the holder(s) of any Hong Kong Offer Share Stapled Units allocated to you and such other registers as required under the Trust Deed and the Memorandum and Articles of Association of the Company and (ii) the Trustee-Manager, the Company and/or their agents to send any Share Stapled Unit certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint applications by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share Stapled Unit certificate(s) and/or refund cheque(s) in person;

(p) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(q) understand that the Trustee-Manager, the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Share Stapled Units to you and that you may be prosecuted for making a false declaration;

(r) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through the White Form eIPO service or by any one as your agent or by any other person; and

(s) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as its agent.

Additional Instructions for YELLOW Application Forms

You should refer to the **YELLOW** Application Form for details.

5. Applying Through the White Form eIPO Service

General

Individuals who meet the criteria in *"— Who Can Apply"* above may apply through the **White Form eIPO** service for the Offer Share Stapled Units to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are set out on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Trustee-Manager and the Company. If you apply through the designated website, you authorise the White Form eIPO Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the White Form eIPO Service Provider.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Thursday, 19 June 2014 until 11:30 a.m. on Tuesday, 24 June 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Share Stapled Units, an actual application will be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Trustee-Manager, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The advantage of White Form eIPO is that it saves paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited being the designated White Form eIPO Service Provider, will contribute HK$2 for each "JINMAO INVESTMENTS" **White Form eIPO** application submitted via the designated website to support the funding of the *"Source of DongJiang — Hong Kong Forest"* project initiated by Friends of the Earth (HK).

6. Applying By Giving Electronic Application Instructions to HKSCC via CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Share Stapled Units and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a **CCASS Investor Participant**, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre 2/F, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from the above address.

If you are not a **CCASS Investor Participant**, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Share Stapled Units on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Trustee-Manager, the Company, the Joint Global Coordinators and the Share Stapled Units Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Share Stapled Units and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(a) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus; and

(b) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Share Stapled Units to be allocated shall be registered in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Share Stapled Units applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Share Stapled Units nor participated in the International Offering (except in respect of Reserved Share Stapled Units applied for pursuant to the Preferential Offering);

- declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as its agent;

- confirm that you understand that the Trustee-Manager, the Company, the Directors and the Joint Global Coordinators will rely on your declarations and representations in deciding whether or not to allocate any of the Hong Kong Offer Share Stapled Units to you and that you may be prosecuted for making a false declaration;

- authorise the Trustee-Manager and the Company to place HKSCC Nominees' name on the Share Stapled Units Register as the holder of the Hong Kong Offer Share Stapled Units allocated to you and such other registers as required under the Trust Deed, and despatch Share Stapled Unit certificate(s) and/or refund monies in accordance with the arrangements separately agreed between the Trustee-Manager, the Company and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made and will not rely on any other information or representations, except those in any supplement to this prospectus;

- agree that none of the Trustee-Manager, the Company and the Relevant Persons is or will be liable for any information and representations not in this prospectus (and any supplement to this prospectus);

- agree to disclose to the Trustee-Manager, the Company, the Share Stapled Units Registrar, the receiving banks and the Relevant Persons any personal data which they may require about you;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with the Trustee-Manager and the Company, and to become binding when you give the instructions and such collateral contract to be in consideration of the Trustee-Manager and the Company agreeing that they will not offer any Hong Kong Offer Share Stapled Units to any person on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Hong Kong Public Offering;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for giving **electronic application instructions** to apply for Hong Kong Offer Share Stapled Units;

- agree with the Trustee-Manager and the Company, for Jinmao Investments and the Company, respectively, and for the benefit of each Holder of Share Stapled Units (and so that the Trustee-Manager and the Company will be deemed by their acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for Jinmao Investments and the Company and on behalf of each Holder of Share Stapled Units, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Trust Deed, the Memorandum and Articles of Association of the Company, the Companies Ordinance and the Cayman Companies Law; and

- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees will be liable to the Trustee-Manager, the Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Share Stapled Units on your behalf;

- instructed and authorised HKSCC to arrange payment of the Maximum Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Maximum Offer Price initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Share Stapled Units. Instructions for more than 500 Hong Kong Offer Share Stapled Units must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Share Stapled Units will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 19 June 2014 — 9:00 a.m. to 8:30 p.m.(1)
Friday, 20 June 2014 — 8:00 a.m. to 8:30 p.m.(1)
Saturday, 21 June 2014 — 8:00 a.m. to 1:00 p.m.(1)
Monday, 23 June 2014 — 8:00 a.m. to 8:30 p.m.(1)
Tuesday, 24 June 2014 — 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Share Stapled Units applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Share Stapled Units for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Share Stapled Units given by you or for your benefit to HKSCC will be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Trustee-Manager, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Trustee-Manager, the Company, the Share Stapled Units Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. Warning for Electronic Applications

The application for Hong Kong Offer Share Stapled Units by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Share Stapled Units through the White Form eIPO service is only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications to make your electronic application. The Trustee-Manager, the Company, the Relevant Persons and the White Form eIPO Service Provider take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Share Stapled Units.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System for submission of their **electronic application instructions**, they should either (a) submit a **WHITE** or **YELLOW** Application Form or (b) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

8. How Many Applications Can You Make

Multiple applications for the Hong Kong Offer Share Stapled Units are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees", you must include:

- an account number; or
- some other identification code.

for **each** beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

If you are a Qualifying Franshion Shareholder applying for Reserved Share Stapled Units under the Preferential Offering either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, you may also make one application for Hong Kong Offer Share Stapled Units either on a **WHITE** or **YELLOW** Application Form or electronically through CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or submit an application through the **White Form eIPO** service through the designated website at **www.eipo.com.hk**. However, in respect of any application for Hong Kong Offer Share Stapled Units using the above methods, you will not enjoy the preferential treatment accorded to you under the Preferential Offering as described in *"Structure of the Global Offering — The Preferential Offering"*.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**) (other than any application(s) made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form in your capacity as a Qualifying Franshion Shareholder).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being made for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

B. APPLICATIONS FOR RESERVED SHARE STAPLED UNITS

1. Who Can Apply

Only Franshion Shareholders whose names appeared on the register of members of Franshion on the Record Date and who are not Non-Qualifying Franshion Shareholders are entitled to subscribe for the Reserved Share Stapled Units under the Preferential Offering.

Non-Qualifying Franshion Shareholders are those Franshion Shareholders with registered addresses in, or who are otherwise known by Franshion to be residents of, jurisdictions outside Hong Kong on the Record Date and in respect of whom the directors of Franshion and the Trustee-Manager and the Company, based on the enquiries made by them, consider it necessary or expedient to exclude them from the Preferential Offering on account either of the legal restrictions under the laws of the relevant jurisdiction in which the relevant Franshion Shareholder is located or the requirements of the relevant regulatory body or stock exchange in that jurisdiction.

The directors of Franshion and the Trustee-Manager and the Company have made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory bodies or stock exchanges with respect to the offer of the Reserved Share Stapled Units to the Franshion Shareholders in the Specified Territories. Having considered the circumstances, the directors of Franshion and the Trustee-Manager and the Company have formed the view that it is necessary or expedient to restrict the ability of Franshion Shareholders in the Specified Territories to take up their Assured Entitlement to the Reserved Share Stapled Units under the Preferential Offering due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps which the Trustee-Manager, the Company and the Franshion Shareholders would need to take to comply with the local legal and/or other requirements which would need to be satisfied in order to comply with the relevant local or regulatory requirements in those territories.

Accordingly, for the purposes of the Preferential Offering, the Non-Qualifying Franshion Shareholders are:

(a) Franshion Shareholders whose names appeared in the register of members of Franshion on the Record Date and whose addresses as shown in such register is/are in any of the Specified Territories; and

(b) Franshion Shareholders or Beneficial Franshion Shareholders on the Record Date who are otherwise known by Franshion to be resident in any of the Specified Territories.

Notwithstanding any other provision in this prospectus or the **BLUE** Application Forms or the terms and conditions of the **Blue Form eIPO** service, the Trustee-Manager and the Company reserve the right to permit any Franshion Shareholder to take up his/her/its Assured Entitlement to the Reserved Share Stapled Units if the Trustee-Manager and the Company, in their absolute discretion, are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions described above.

With respect to the Specified Territories, Franshion has sent a letter to CCASS Participants (other than CCASS Investor Participants) notifying them that in light of applicable laws and regulations of the Specified Territories, to the extent they hold any Franshion Shares on behalf of the Non-Qualifying Franshion Shareholders, they are excluded from participating in the Preferential Offering.

Qualifying Franshion Shareholders are entitled to apply on the basis of an Assured Entitlement of one Reserved Share Stapled Unit for every 114 Franshion Shares held by them on the Record Date.

Qualifying Franshion Shareholders who hold less than 114 Franshion Shares on the Record Date will not have an Assured Entitlement to the Reserved Share Stapled Units, but they will still be entitled to participate in the Preferential Offering by applying for excess Reserved Share Stapled Units.

If the applicant is a firm, the application must be in the individual members' names. If the applicant is a body corporate, the Application Form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with the corporation's chop.

If an application is made by a person under a power of attorney, the Trustee-Manager, the Company and the Joint Global Coordinators, as the Trustee-Manager's and the Company's agents, may accept it at their discretion, and on any conditions they think fit, including requiring evidence of the attorney's authority. The Trustee-Manager, the Company and the Joint Global Coordinators, as the Trustee-Manager's and the Company's agents, will have full discretion to reject or accept any application, in full or in part, without giving any reason.

You cannot apply for any Reserved Share Stapled Units if you are:

- an existing beneficial owner of Share Stapled Units or Shares or an associate (as defined in the Listing Rules) of any such owner;
- a Director of the Trustee-Manager or the Company, or an associate of any such Director (other than a Director and/or his associates who are Qualifying Franshion Shareholders who may apply for Reserved Share Stapled Units pursuant to the Preferential Offering);
- any other connected person of Jinmao Investments, the Trustee-Manager or the Company, or a person who will become a connected person of Jinmao Investments, the Trustee-Manager or the Company immediately upon the completion of the Global Offering; or
- a Non-Qualifying Franshion Shareholder.

2. How to Apply

An application for Reserved Share Stapled Units under the Preferential Offering may only be made by Qualifying Franshion Shareholders either through the **Blue Form eIPO** service via **www.eipo.com.hk** or using **BLUE** Application Forms which have been despatched to Qualifying Franshion Shareholders by the Trustee-Manager and the Company.

Qualifying Franshion Shareholders may apply for a number of Reserved Share Stapled Units which is greater than, less than or equal to their Assured Entitlement or may apply only for excess Reserved Share Stapled Units under the Preferential Offering.

A valid application for a number of Reserved Share Stapled Units which is less than or equal to a Qualifying Franshion Shareholder's Assured Entitlement under the Preferential Offering will be accepted in full, subject to the terms and conditions set out in the **BLUE** Application Forms or the **Blue Form eIPO** service and assuming the conditions of the Preferential Offering are satisfied.

Where a Qualifying Franshion Shareholder applies for a number of Reserved Share Stapled Units which is greater than the Qualifying Franshion Shareholder's Assured Entitlement under the Preferential Offering, the relevant Assured Entitlement will be satisfied in full, subject as mentioned above, but the excess portion of such application will only be satisfied to the extent that there are sufficient Available Reserved Share Stapled Units as described below.

Where a Qualifying Franshion Shareholder applies for excess Reserved Share Stapled Units only under the Preferential Offering, such application will only be satisfied to the extent that there are sufficient Available Reserved Share Stapled Units as described below.

Qualifying Franshion Shareholders (other than HKSCC Nominees) who intend to apply for more than their Assured Entitlement should apply for a number which is one of the numbers set out in the table of numbers and payments in the **BLUE** Application Form and make a payment of the corresponding amount.

To the extent that excess applications for the Reserved Share Stapled Units are:

(a) less than the Available Reserved Share Stapled Units, the Available Reserved Share Stapled Units will first be allocated to satisfy such excess applications for the Reserved Share Stapled Units in full and thereafter will be allocated, at the discretion of the Joint Global Coordinators, to the International Offering;

(b) equal to the Available Reserved Share Stapled Units, the Available Reserved Share Stapled Units will be allocated to satisfy such excess applications for the Reserved Share Stapled Units in full; or

(c) more than the Available Reserved Share Stapled Units, the Available Reserved Share Stapled Units will be allocated on an allocation basis which will be consistent with the allocation basis commonly used in the case of over-subscription in public offerings in Hong Kong, where a higher allocation percentage will be applied in respect of smaller applications. If there are any Share Stapled Units remaining after satisfying the excess applications, such Share Stapled Units will be reallocated, at the discretion of the Joint Global Coordinators, to the International Offering. No preference will be given to any excess applications made to top up odd lot holdings to whole lot holdings of Share Stapled Units.

Save for the above, the Preferential Offering will not be subject to the clawback arrangement between the International Offering and the Hong Kong Public Offering.

Qualifying Franshion Shareholders who have applied for Reserved Share Stapled Units under the Preferential Offering, either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form, may also make one application either on a **WHITE** or **YELLOW** Application Form, or by giving **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Investor Participant or act through a CCASS Clearing or Custodian Participant) or through the **White Form eIPO** service for the Hong Kong Offer Share Stapled Units in the Hong Kong Public Offering. However, Qualifying Franshion Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Share Stapled Units made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service under the Hong Kong Public Offering.

Persons who held their Franshion Shares on the Record Date in CCASS indirectly through a broker/custodian, and wish to participate in the Preferential Offering, should instruct their broker or custodian to apply for the Reserved Share Stapled Units on their behalf by no later than the deadline set by HKSCC or HKSCC Nominees. In order to meet the deadline set by HKSCC, such persons should check with their broker/custodian for the timing on the processing of their instructions, and submit their instructions to their broker/custodian as required by them. Persons who held their Franshion Shares on the Record Date in CCASS directly as a CCASS Investor Participant, and wish to participate in the Preferential Offering, should give their instruction to HKSCC via the CCASS Phone System or CCASS Internet System by no later than the deadline set by HKSCC or HKSCC Nominees.

3. Distribution of this Prospectus and the BLUE Application Forms

BLUE Application Forms have been despatched to all Qualifying Franshion Shareholders to their address recorded on the register of members of Franshion on the Record Date.

In addition, Qualifying Franshion Shareholders will receive a copy of this prospectus in the manner in which they have elected, or are deemed to have elected, to receive corporate communications under Franshion's corporate communications policy.

If a Qualifying Franshion Shareholder has elected to receive corporate communications from Franshion in printed form under Franshion's corporate communications policy or has not been asked to elect the means of receiving Franshion's corporate communications, a printed copy of this prospectus in the elected language version(s) (if applicable) will be despatched to such Qualifying Franshion Shareholder.

If a Qualifying Franshion Shareholder (a) has elected to receive an electronic version of corporate communications or (b) is deemed to have consented to receiving the electronic version of corporate communications from Franshion, an electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** under the section headed *"HKExnews > Listed Company Information > Latest Listed Company Information"*.

A Qualifying Franshion Shareholder who has elected to receive or is deemed to have consented to receiving the electronic version of this prospectus may at any time request for a printed copy of this prospectus, free of charge, by sending a request in writing to Franshion c/o Computershare Hong Kong Investor Services Limited or by email to Franshion at franshion@sinochem.com. Franshion will promptly, upon request, send by ordinary post a printed copy of this prospectus to such Qualifying Franshion Shareholder, free of charge, although such Qualifying Franshion Shareholder may not receive that printed copy of this prospectus before the close of the Hong Kong Public Offering and the Preferential Offering.

Jinmao Investments and the Company will also be relying on Section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong) and, unless a Qualifying Franshion Shareholder has elected to receive corporate communications in printed form under Franshion's corporate communications policy or has not been asked to elect the means of receiving Franshion's corporate communications, will be issuing the **BLUE** Application Form to the Qualifying Franshion Shareholders without it being accompanied by a printed prospectus. An electronic version of this prospectus (which is identical to the printed prospectus) can be accessed and downloaded from the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk** under the *"HKExnews > Listed Company Information > Latest Listed Company Information"* section. Qualifying Franshion Shareholders may also obtain a printed copy of this prospectus, free of charge, during normal business hours from 9:00 a.m. on Thursday, 19 June 2014 until 12:00 noon on Tuesday, 24 June 2014 at the locations described in *"— IMPORTANT"* above.

Qualifying Franshion Shareholders who require a replacement **BLUE** Application Form should contact Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or on its hotline 2862 8555.

Distribution of this prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons into whose possession this prospectus and/or the **BLUE** Application Forms come (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of, and observe, any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, this prospectus should not be distributed, forwarded or transmitted in, into or from any of the Specified Territories with or without the **BLUE** Application Forms, except to Qualifying Franshion Shareholders as specified in this prospectus.

Receipt of this prospectus and/or the **BLUE** Application Forms does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or the **BLUE** Application Forms must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or the **BLUE** Application Forms should not, in connection with the Preferential Offering, distribute or send the same in, into or from, any of the Specified Territories. If the **BLUE** Application Form is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not apply for any Reserved Share Stapled Units unless the directors of Franshion and the Trustee-Manager and the Company determine that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, agents, custodians, nominees and trustees) who forwards this prospectus and/or the **BLUE** Application Form(s) in, into or from any Specified Territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

4. Applying Through the Blue Form eIPO Service

If you apply for Reserved Share Stapled Units online through the **Blue Form eIPO** service:

(a) detailed instructions for application through the **Blue Form eIPO** service are set out on the designated website at **www.eipo.com.hk**. You should read those instructions carefully. If you do not follow the instructions, your application may be rejected by the **White Form eIPO** Service Provider and may not be submitted to the Trustee-Manager and the Company;

(b) you must provide a valid e-mail address; and

(c) once payment is completed via electronic application instructions given by you or for your benefit, an actual application is deemed to have been made. If you submit applications both via the **Blue Form eIPO** service and by using the **BLUE** Application Form, only the application submitted via the **Blue Form eIPO** service will be accepted and the other application will be rejected.

The application for Reserved Share Stapled Units through the **Blue Form eIPO** service is only a facility provided by the White Form eIPO Service Provider to Qualifying Franshion Shareholders. Such facility is subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for application to make your electronic application. The Trustee-Manager, the Company, the Relevant Persons and the White Form eIPO Service Provider take no responsibility for such applications.

5. Applying By Using Blue Application Forms

(a) You may apply for a number of Reserved Share Stapled Units pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B in the **BLUE** Application Form. If you intend to apply for a number of Reserved Share Stapled Units that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). Other than your Assured Entitlement, you may apply for excess Reserved Share Stapled Units. If you intend to apply for excess Reserved Share Stapled Units, you MUST apply for a number of excess Reserved Share Stapled Units which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than in the case of HKSCC Nominees).

(b) The **BLUE** Application Form will be rejected by the Trustee-Manager and the Company if:

- the **BLUE** Application Form is not completed in accordance with the instructions as stated in the **BLUE** Application Form;

- the **BLUE** Application Form has not been duly signed (only written signatures are acceptable) (or in the case of a joint application, not all applicants have signed);

- in respect of applicants who are corporate entities, the **BLUE** Application Form has not been duly signed (only written signature is acceptable) by an authorised officer or affixed with a company chop;

- the cheque/banker's cashier order/**BLUE** Application Form is defective;

- the **BLUE** Application Form for either Reserved Share Stapled Units pursuant to the Assured Entitlement or excess Reserved Share Stapled Units is not accompanied with a cheque/banker's cashier order or is accompanied by more than one cheque/banker's cashier order;

- the account name on the cheque/banker's cashier order is not pre-printed or certified by the issuing bank;

- the cheque/banker's cashier order is not drawn on a Hong Kong dollar bank account in Hong Kong;

- the name of the payee indicated on the cheque/banker's cashier order is not "ICBC (Asia) Nominee Limited — Jinmao Preferential Offer";

- the cheque has not been crossed "Account Payee Only";

- the cheque was post-dated;

- the applicant's payment is not made correctly or if the applicant pays by cheque or banker's cashier order the cheque or banker's cashier order is dishonoured on its first presentation;

- the applicant's name/the first applicant's name on the joint application is not the same as the name pre-printed or certified/endorsed by the drawee bank on the cheque/banker's cashier order;

- any alteration(s) to the application details on the **BLUE** Application Form has or have not been authorised by the signature(s) of the applicant(s);

- the application is completed by pencil;

- the Trustee-Manager and the Company believe that by accepting the application, the Trustee-Manager and Company would violate the applicable securities or other laws, rules or regulations of the jurisdiction where the **BLUE** Application Form is received or where the applicant's address is located; or

- the Trustee-Manager, the Company and the Joint Global Coordinators, and their respective agents or nominees, exercise their discretion to reject or accept any application, or to accept only part of any application. No reasons have to be given for any rejection or acceptance.

(c) If you are applying by using the **BLUE** Application Form for Assured Entitlement, you may apply for a number of Reserved Share Stapled Units pursuant to your Assured Entitlement that is equal to or less than the number stated in Box B. If you intend to apply for a number of Reserved Share Stapled Units that is less than your Assured Entitlement, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount (other than HKSCC Nominees). You need to complete and sign the **BLUE** Application Form for Assured Entitlement and submit one cheque (or banker's cashier order) for the exact amount of remittance printed in Box B or the corresponding amount payable as set out in the table in the **BLUE** Application Form.

(d) If you are applying by using the **BLUE** Application Form for Excess Reserved Share Stapled Units, you MUST apply for a number which is one of the numbers set out in the table in the **BLUE** Application Form and make a payment of the corresponding amount. You need to complete and sign the **BLUE** Application Form for Excess Reserved Share Stapled Units and submit one separate cheque (or banker's cashier order) for the exact amount of remittance.

(e) If you intend to apply for both Reserved Share Stapled Units pursuant to your Assured Entitlement and excess Reserved Share Stapled Units, you must submit both the **BLUE** Application Form for Assured Entitlement and the **BLUE** Application Form for Excess Reserved Share Stapled Units. Each **BLUE** Application Form must be accompanied by a separate cheque (or banker's cashier order) for the exact amount of remittance.

Instead of using the **BLUE** Application Form, you may apply for Reserved Share Staple Units through the **Blue Form eIPO** service at **www.eipo.com.hk**.

6. When May Applications Be Made

(a) Application through the Blue Form eIPO service

You may submit your application via the **Blue Form eIPO** service through the designated website at **www.eipo.com.hk** from 9:00 a.m. on Thursday, 19 June 2014 until 11:30 a.m. on Tuesday, 24 June 2014 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

If you do not complete payment of the application monies (including any related fees) in time, the White Form eIPO Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.eipo.com.hk**.

(b) Applications on BLUE Application Form(s)

Your completed **BLUE** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "ICBC (Asia) Nominee Limited — Jinmao Preferential Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above or at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at the following times:

Thursday, 19 June 2014 — 9:00 a.m. to 5:00 p.m.
Friday, 20 June 2014 — 9:00 a.m. to 5:00 p.m.
Saturday, 21 June 2014 — 9:00 a.m. to 1:00 p.m.
Monday, 23 June 2014 — 9:00 a.m. to 5:00 p.m.
Tuesday, 24 June 2014 — 9:00 a.m. to 12:00 noon

Completed **BLUE** Application Forms, together with payment attached, must be lodged by 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

(c) Application Lists

The application lists will be open from 11:45 a.m. to 12:00 noon on Tuesday, 24 June 2014, the last day for applications, or such later time as described in *"— Effect of Bad Weather on the Opening and Closing of the Application Lists"* below.

7. How Many Applications May Be Made

You should refer to *"— Applications for Hong Kong Offer Share Stapled Units — How Many Applications Can You Make"* above for the situations where you may make an application for Hong Kong Offer Share Stapled Units under the Hong Kong Public Offering in addition to application(s) for Reserved Share Stapled Units under the Preferential Offering.

8. Additional Terms and Conditions and Instructions

You should refer to the **BLUE** Application Form for details of the additional terms and conditions and instructions which apply to applications for Reserved Share Stapled Units.

C. HOW MUCH ARE THE HONG KONG OFFER SHARE STAPLED UNITS AND THE RESERVED SHARE STAPLED UNITS

The Maximum Offer Price is HK$5.65 per Offer Share Stapled Unit. You must also pay brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for one board lot of 500 Hong Kong Offer Share Stapled Units or Reserved Share Stapled Units, you will pay HK$2,853.47.

You must pay the Maximum Offer Price, together with brokerage, SFC transaction levy and Stock Exchange trading fee, in full upon application for Hong Kong Offer Share Stapled Units or Reserved Share Stapled Units under the terms and conditions set out in the Application Forms.

The Application Forms have tables showing the exact amount payable for the numbers of Offer Share Stapled Units that may be applied for.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Hong Kong Offer Share Stapled Units. Each application or electronic application instruction in respect of more than 500 Hong Kong Offer Share Stapled Units must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules), and the SFC transaction levy and the Stock Exchange trading fee will be paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see *"Structure of the Global Offering — Pricing and Allocation"*.

D. EFFECT OF BAD WEATHER ON THE OPENING AND CLOSING OF THE APPLICATION LISTS

The application lists will not open or close if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning.

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Tuesday, 24 June 2014. Instead, they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Tuesday, 24 June 2014 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made.

E. PUBLICATION OF RESULTS

The Trustee-Manager and the Company expect to announce the Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the Preferential Offering and the basis of allocations of the Hong Kong Offer Share Stapled Units and the Reserved Share Stapled Units on Monday, 30 June 2014 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company at **www.jinmao88.com** and the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering and the Preferential Offering will be available at the times and dates and in the manner set out below:

- in the announcement to be posted on the websites of the Company and the Stock Exchange at **www.jinmao88.com** and **www.hkexnews.hk**, respectively, by no later than Monday, 30 June 2014;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID function" on a 24 hour basis from 8:00 a.m. on Monday, 30 June 2014 to 12:00 midnight on Sunday, 6 July 2014;

- from the allocation results telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Monday, 30 June 2014 to Thursday, 3 July 2014; and

- in the special allocation results booklets which will be available for inspection during the opening hours of the individual receiving bank branches and sub-branches referred to above on Monday, 30 June 2014 and from Wednesday, 2 July 2014 to Thursday, 3 July 2014.

If the Trustee-Manager and the Company accept your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Share Stapled Units and/or the Reserved Share Stapled Units (as the case may be) if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are set out in *"Structure of the Global Offering"*.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

F. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARE STAPLED UNITS AND/OR RESERVED SHARE STAPLED UNITS

You should note the following situations in which the Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units will not be allocated to you:

(a) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Trustee-Manager and the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

(b) If the Trustee-Manager, the Company or their agents exercise their discretion to reject your application:

The Trustee-Manager, the Company, the Joint Global Coordinators, the White Form eIPO Service Provider and their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(c) If the allocation of Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units is void:

The allocation of Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units will be void if the Listing Committee does not grant permission to list the Share Stapled Units either:

- within three weeks from the closing date of the applications lists; or

- within a longer period of up to six weeks if the Listing Committee notifies the Trustee-Manager and the Company of that longer period within three weeks of the closing date of the application lists.

(d) If:

- you make multiple applications or are suspected of making multiple applications (other than an application (if any) made either through the **Blue Form eIPO** service via **www.eipo.com.hk** or on the **BLUE** Application Form in your capacity as a Qualifying Franshion Shareholder);

- you or the person for whose benefit you apply for, have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Share Stapled Units and International Offer Share Stapled Units (except in respect for Reserved Share Stapled Units applied for pursuant to the Preferential Offering);

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

- your Application Form is not completed in accordance with the stated instructions;

- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website at **www.eipo.com.hk**;

- you apply for more than 30,000,000 Hong Kong Offer Share Stapled Units, being 50% of the 60,000,000 Hong Kong Offer Share Stapled Units initially available under the Hong Kong Public Offering;

- the Trustee-Manager, the Company or the Joint Global Coordinators believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- the Underwriting Agreements do not become unconditional or are terminated.

G. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Maximum Offer Price per Offer Share Stapled Unit (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable thereon) paid on application, or if the conditions of the Global Offering as set out in *"Structure of the Global Offering — Conditions of the Global Offering"* are not satisfied or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 30 June 2014.

H. DESPATCH/COLLECTION OF SHARE STAPLED UNIT CERTIFICATES/e-REFUND PAYMENT INSTRUCTIONS/REFUND CHEQUES

You will receive one Share Stapled Unit certificate for all Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share Stapled Unit certificates will be deposited into CCASS as described below) and one Share Stapled Unit certificate for all Reserved Share Stapled Units allocated to you under the Preferential Offering.

No temporary document of title will be issued in respect of the Offer Share Stapled Units. No receipt will be issued for sums paid on application.

If you apply by **WHITE**, **YELLOW** or **BLUE** Application Form(s), subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

(a) Share Stapled Unit certificate(s) for all the Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units allocated to you (for applicants on **YELLOW** Application Forms, Share Stapled Unit certificate(s) for the Hong Kong Offer Share Stapled Units allocated to you will be deposited into CCASS as described below); and

(b) refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Share Stapled Units and/or Reserved Share Stapled Units, wholly or partially unsuccessfully applied for and/or (ii) the difference between the Offer Price and the Maximum Offer Price paid on application in the event that the Offer Price is less than the Maximum Offer Price paid on application (including brokerage of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% but without interest).

Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque.

Subject to arrangement on despatch/collection of Share Stapled Unit certificates and refund cheques as mentioned below, any refund cheques and Share Stapled Unit certificate(s) are expected to be posted on or before Monday, 30 June 2014. The right is reserved to retain any Share Stapled Unit certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier order(s).

Share Stapled Unit certificates will only become valid at 8:00 a.m. on Wednesday, 2 July 2014, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Share Stapled Units on the basis of publicly available allocation details or prior to the receipt of the Share Stapled Unit certificates or prior to the Share Stapled Unit certificates becoming valid do so entirely at their own risk.

Personal Collection

(a) If you apply using a WHITE or BLUE Application Form:

- If you apply for (i) 1,000,000 Hong Kong Offer Share Stapled Units or more on a **WHITE** Application Form or (ii) 1,000,000 Reserved Share Stapled Units or more on the **BLUE** Application Form and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share Stapled Unit certificate(s) (where applicable) from the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 30 June 2014, or any other place or date notified by the Trustee-Manager and the Company in the newspapers.

- If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant who is eligible for personal collection, your authorised representative must provide a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Share Stapled Units Registrar.

- If you do not personally collect your refund cheque(s) and/or Share Stapled Unit certificate(s) (where applicable) within the time specified for collection, they will be despatched promptly to you to the address specified in your Application Form by ordinary post and at your own risk.

- If you apply for (i) less than 1,000,000 Hong Kong Offer Share Stapled Units on a **WHITE** Application Form or (ii) less than 1,000,000 Reserved Share Stapled Units on the **BLUE** Application Form, your refund cheque(s) and/or Share Stapled Unit certificate(s) (where applicable) will be sent to the address specified in your Application Form on Monday, 30 June 2014 by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

- If you apply for 1,000,000 Hong Kong Offer Share Stapled Units or more and have provided all information required by your Application Form, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Share Stapled Units, your refund cheque(s) will be sent to the address on the specified in the Application Form on Monday, 30 June 2014 by ordinary post and at your own risk.

- If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share Stapled Unit certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or your designated CCASS Participant's stock account as stated in your Application Form on Monday, 30 June 2014 or, in the event of a contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS Participant (other than a CCASS Investor Participant), for Hong Kong Offer Share Stapled Units credited to your designated CCASS Participant's stock account (other than a CCASS Investor Participant), you can check the number of Hong Kong Offer Share Stapled Units allocated to you with that CCASS Participant.

- If you apply as a CCASS Investor Participant, the Trustee-Manager and the Company expect to publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering and the Preferential Offering on Monday, 30 June 2014 in the manner as described in *"— Publication of Results"* above. You should check the announcement published by the Trustee-Manager and the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 30 June 2014 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Share Stapled Units to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System. HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Share Stapled Units credited to your CCASS Investor Participant stock account.

(c) If you apply through White Form eIPO service or Blue Form eIPO service:

- If you apply for (i) 1,000,000 Hong Kong Offer Share Stapled Units or more through the **White Form eIPO** service or (ii) 1,000,000 Reserved Share Stapled Units or more through the **Blue Form eIPO** service, and your application is wholly or partially successful, you may collect your Share Stapled Unit certificate(s) (where applicable) in person from the Share Stapled Units Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Monday, 30 June 2014, or any other place or date notified by the Trustee-Manager and the Company in the newspapers.

- If you do not personally collect your Share Stapled Unit certificate(s) within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post and at your own risk.

- If you apply for (i) less than 1,000,000 Hong Kong Offer Share Stapled Units through the **White Form eIPO** service or (ii) less than 1,000,000 Reserved Share Stapled Units through the **Blue Form eIPO** service, your Share Stapled Unit certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 30 June 2014 by ordinary post and at your own risk.

- If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address specified in your application instructions in the form of refund cheque(s) by ordinary post and at your own risk.

(d) If you apply by giving electronic application instructions to HKSCC via CCASS:

Allocation of Hong Kong Offer Share Stapled Units

- For the purposes of allocating Hong Kong Offer Share Stapled Units, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Stapled Unit Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share Stapled Unit certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 30 June 2014 or on any other date determined by HKSCC or HKSCC Nominees.

- The Trustee-Manager and the Company expect to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Trustee-Manager and the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card /passport/Hong Kong business registration number or other identification code (Hong Kong business registration number for corporations) and the basis of allocations of the Hong Kong Offer Share Stapled Units and the Reserved Share Stapled Units in the manner as described in *"— Publication of Results"* above on Monday, 30 June 2014. You should check the announcement published by the Trustee-Manager and the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 30 June 2014 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Share Stapled Units allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Share Stapled Units allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System on Monday, 30 June 2014. Immediately following the credit of the Hong Kong Offer Share Stapled Units to your stock account and the credit of the refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Share Stapled Units credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Maximum Offer Price per Offer Share Stapled Unit initially paid on application (including brokerage, SFC transaction levy and Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 30 June 2014.

I. ADMISSION OF THE SHARE STAPLED UNITS INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Share Stapled Units and the Trustee-Manager and the Company comply with the stock admission requirements of HKSCC, the Share Stapled Units will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Share Stapled Units on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Share Stapled Units to be admitted into CCASS.

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of Jinmao Investments and the Company, for the purpose of incorporation in this prospectus.

EY 安永

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

19 June 2014

The Directors
Jinmao (China) Investments Manager Limited
(in its capacity as Trustee-Manager of Jinmao Investments)
Jinmao (China) Investments Holdings Limited (Formerly known as "Wise Pine Limited")
Deutsche Securities Asia Limited
Morgan Stanley Asia Limited

Dear Sirs,

We set out below our report on the financial information of Jinmao Investments (the "Trust"), Jinmao (China) Investments Holdings Limited (the "Company"), formerly known as Wise Pine Limited and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2011, 2012 and 2013 (the "Relevant Periods"), and the combined statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2011, 2012 and 2013, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Trust and the Company dated 19 June 2014 (the "Prospectus") in connection with the listing of the share stapled units of the Trust and the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Trust is a trust constituted by a trust deed dated 13 June 2014 entered into between Jinmao (China) Investments Manager Limited (the "Trustee-Manager") and the Company under the laws of Hong Kong. The Company was incorporated in the British Virgin Islands as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 1 of Section II below, the Company became the holding company of the subsidiaries as set out in note 1 of Section II below. Apart from the Reorganisation, the Trust has not commenced any business or operation since its establishment. The Company is an investment holding company.

As at the date of this report, no statutory financial statements have been prepared for the Trust and the Company as the Trust has not been involved in any significant business transaction other than the Reorganisation described above and the Company is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation or registration.

As at the date of this report, the Trust and the Company have direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. Except for those subsidiaries which are not subject to statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation, the statutory financial statements of other subsidiaries now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Trustee-Manager and the Company (the "Directors") have prepared the combined financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2011, 2012 and 2013 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group and the Company as at 31 December 2011, 2012 and 2013 and of the combined results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

(a) COMBINED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
REVENUE	6	2,685,795	2,649,067	2,634,161
Cost of sales		(1,108,186)	(1,072,827)	(1,106,969)
Gross profit		1,577,609	1,576,240	1,527,192
Other income and gains	6	159,478	83,866	80,838
Fair value gains on investment properties	15	156,986	460,539	843,116
Selling and marketing expenses		(160,203)	(159,416)	(158,793)
Administrative expenses		(599,532)	(617,482)	(590,998)
Other expenses and losses		(126,304)	(15,425)	(2,213)
Finance costs	8	(501,775)	(536,241)	(333,823)
Share of profits of joint ventures		3,619	2,463	2,293
PROFIT BEFORE TAX	7	509,878	794,544	1,367,612
Income tax expense	10	(159,224)	(156,037)	(354,218)
PROFIT FOR THE YEAR		350,654	638,507	1,013,394
Attributable to:				
Owners of the parent	12	309,606	638,507	1,013,394
Non-controlling interests		41,048	—	—
		350,654	638,507	1,013,394

(b) COMBINED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
PROFIT FOR THE YEAR	350,654	638,507	1,013,394
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	427,621	2,159	341,720
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	111,668	—	—
Income tax effect	(27,917)	—	—
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	83,751	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	511,372	2,159	341,720
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	862,026	640,666	1,355,114
Attributable to:			
Owners of the parent	811,447	640,666	1,355,114
Non-controlling interests	50,579	—	—
	862,026	640,666	1,355,114

(c) COMBINED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	6,738,802	6,745,429	7,858,116
Investment properties	15	7,354,250	7,820,972	8,934,716
Prepaid land lease payments	16	1,810,512	1,837,109	1,764,836
Intangible assets	18	17,851	11,746	12,178
Prepayments	22	—	—	50,988
Investments in joint ventures	19	36,052	38,516	42,052
Deferred tax assets	28	9,621	56,008	56,595
Total non-current assets		15,967,088	16,509,780	18,719,481
CURRENT ASSETS				
Inventories	20	27,971	25,196	25,132
Trade receivables	21	45,416	54,018	54,849
Prepayments, deposits and other receivables	22	84,912	87,725	130,923
Due from related parties	23	5,228,931	4,208,543	396,867
Restricted bank balances	24	32	11	5
Pledged deposits	24	236,602	220,761	—
Cash and bank balances	24	1,075,681	1,359,880	1,183,337
Total current assets		6,699,545	5,956,134	1,791,113
CURRENT LIABILITIES				
Trade payables	25	98,314	84,224	96,912
Other payables and accruals	26	804,621	794,441	1,101,429
Interest-bearing bank and other borrowings	27	4,308,010	4,072,109	3,469,875
Due to related parties	23	5,061,298	4,809,831	190,414
Tax payable		30,348	21,566	45,100
Total current liabilities		10,302,591	9,782,171	4,903,730
NET CURRENT LIABILITIES		(3,603,046)	(3,826,037)	(3,112,617)
TOTAL ASSETS LESS CURRENT LIABILITIES		12,364,042	12,683,743	15,606,864
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	27	2,147,524	1,192,601	2,098,635
Deferred tax liabilities	28	1,164,061	1,296,348	1,577,572
Total non-current liabilities		3,311,585	2,488,949	3,676,207
Net assets		9,052,457	10,194,794	11,930,657
EQUITY				
Issued capital	29	7,800	7,800	7,800
Reserves	30(a)	9,044,657	10,186,994	11,922,857
Total equity		9,052,457	10,194,794	11,930,657

(d) COMBINED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent										
	Issued capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Assets revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000	HK$'000 (note 30)	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	7,800	10,072,223	(7,452,132)	—	285,464	1,447,833	—	3,892,257	8,253,445	246,367	8,499,812
Profit for the year	—	—	—	—	—	—	—	309,606	309,606	41,048	350,654
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	418,090	—	—	418,090	9,531	427,621
Gains on property revaluation, net of tax	—	—	—	—	—	—	83,751	—	83,751	—	83,751
Total comprehensive income for the year	—	—	—	—	—	418,090	83,751	309,606	811,447	50,579	862,026
Dividend declared to a non-controlling shareholder	—	—	—	—	—	—	—	—	—	(116,913)	(116,913)
Acquisition of non-controlling interests	—	—	—	(45,615)	—	—	—	—	(45,615)	(180,033)	(225,648)
Capital contribution from a shareholder	—	—	33,180	—	—	—	—	—	33,180	—	33,180
Transfer from retained profits	—	—	—	—	59,360	—	—	(59,360)	—	—	—
At 31 December 2011 and 1 January 2012	7,800	10,072,223*	(7,418,952)*	(45,615)*	344,824*	1,865,923*	83,751*	4,142,503*	9,052,457	—	9,052,457
Profit for the year	—	—	—	—	—	—	—	638,507	638,507	—	638,507
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	2,159	—	—	2,159	—	2,159
Total comprehensive income for the year	—	—	—	—	—	2,159	—	638,507	640,666	—	640,666
Capital contribution from a shareholder	—	—	501,671	—	—	—	—	—	501,671	—	501,671
Transfer from retained profits	—	—	—	—	83,723	—	—	(83,723)	—	—	—
At 31 December 2012 and 1 January 2013	7,800	10,072,223*	(6,917,281)*	(45,615)*	428,547*	1,868,082*	83,751*	4,697,287*	10,194,794	—	10,194,794

	Attributable to owners of the parent										
	Issued capital	Share premium account	Merger reserve	Capital reserve	PRC statutory surplus reserve	Exchange fluctuation reserve	Assets revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	HK$'000	HK$'000	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000 (note 30)	HK$'000	HK$'000 (note 30)	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2012 and 1 January 2013	7,800	10,072,223*	(6,917,281)*	(45,615)*	428,547*	1,868,082*	83,751*	4,697,287*	10,194,794	—	10,194,794
Profit for the year	—	—	—	—	—	—	—	1,013,394	1,013,394	—	1,013,394
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	341,720	—	—	341,720	—	341,720
Total comprehensive income for the year	—	—	—	—	—	341,720	—	1,013,394	1,355,114	—	1,355,114
Capital contribution from a shareholder	—	—	380,749	—	—	—	—	—	380,749	—	380,749
Transfer from retained profits	—	—	—	—	84,127	—	—	(84,127)	—	—	—
At 31 December 2013	7,800	10,072,223*	(6,536,532)*	(45,615)*	512,674*	2,209,802*	83,751*	5,626,554*	11,930,657	—	11,930,657

* These reserve accounts comprise the combined reserves of HK$9,044,657,000, HK$10,186,994,000 and HK$11,922,857,000 in the combined statements of financial position as at 31 December 2011, 2012 and 2013, respectively.

(e) COMBINED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		509,878	794,544	1,367,612
Adjustments for:				
Finance costs	8	501,775	536,241	333,823
Share of profits of joint ventures		(3,619)	(2,463)	(2,293)
Bank interest income	6	(28,062)	(30,230)	(24,151)
Other interest income	6	(99,293)	(30,968)	(29,258)
Other investment income	6	—	(2,771)	—
Loss on disposal of items of property, plant and equipment	7	1,478	15,106	323
Impairment of items of property, plant and equipment	7	123,549	—	2,108
Write-down of inventories to net realisable value	7	287	—	—
Impairment/(reversal of impairment) of trade receivables	7	990	319	(218)
Fair value gains on investment properties	15	(156,986)	(460,539)	(843,116)
Depreciation	7,14	214,585	216,429	216,202
Recognition of prepaid land lease payments	7	48,614	49,575	50,476
Amortisation of intangible assets	7,18	6,107	6,224	5,407
		1,119,303	1,091,467	1,076,915
Decrease in inventories		3,096	2,775	64
(Increase)/decrease in trade receivables		16,010	(8,921)	(678)
Increase in prepayments, deposits and other receivables		(898)	(1,449)	(92,086)
(Increase)/decrease in amounts due from related parties		(3,169,099)	(108,265)	4,193,246
Increase/(decrease) in trade payables		14,046	(14,090)	12,688
Decrease in other payables and accruals		(149,898)	(81,220)	(75,927)
Increase/(decrease) in amounts due to related parties		2,048,022	1,907,318	(3,632,777)
Exchange differences		9,101	(8,029)	(31,119)
Cash generated from/(used in) operations		(110,317)	2,779,586	1,450,326
Interest received		127,355	61,198	53,409
PRC corporate income tax paid		(94,903)	(79,001)	(92,596)
Net cash flows from/(used in) operating activities		(77,865)	2,761,783	1,411,139

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
Net cash flows from/(used in) operating activities		(77,865)	2,761,783	1,411,139
CASH FLOWS FROM INVESTING ACTIVITIES				
Other investment income received		—	2,771	—
Purchases of items of property, plant and equipment		(58,221)	(208,615)	(743,411)
Proceeds from disposal of items of property, plant and equipment		734	2,687	2,368
Additions to investment properties	15	(5,066)	(5,895)	(12,046)
Additions to prepaid land lease payments	16	(4,363)	(83,894)	(29,643)
Proceeds from disposal of land use rights		—	—	95,555
Additions to intangible assets	18	(439)	(143)	(5,470)
Dividends received from joint ventures		3,145	—	—
(Increase)/decrease in amounts due from related parties		(1,128,653)	1,128,653	(381,570)
(Increase)/decrease in time deposits with original maturity of over three months when acquired		(54,441)	86,206	—
Decrease in pledged deposits		140,637	15,841	220,761
(Increase)/decrease in restricted bank balances		(21)	21	6
Net cash flows from/(used in) investing activities		(1,106,688)	937,632	(853,450)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings		5,779,159	8,917,407	11,254,341
Repayment of bank and other borrowings		(6,965,007)	(10,108,118)	(11,104,257)
Interest paid		(457,459)	(492,358)	(304,831)
Increase/(decrease) in amounts due to related parties		2,557,825	(2,158,785)	(986,640)
Acquisition of non-controlling interests		(225,648)	—	—
Dividend paid to a non-controlling shareholder		(116,913)	—	—
Capital contribution from a shareholder		33,180	501,671	380,749
Net cash flows from/(used in) financing activities		605,137	(3,340,183)	(760,638)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(579,416)	359,232	(202,949)
Cash and cash equivalents at beginning of year		1,530,216	989,475	1,359,880
Effect of foreign exchange rate changes, net		38,675	11,173	26,406
CASH AND CASH EQUIVALENTS AT END OF YEAR		989,475	1,359,880	1,183,337

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	24	920,431	1,242,052	1,008,460
Non-pledged time deposits with original maturity of less than three months when acquired		69,044	37,044	78,716
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits		—	80,784	96,161
Cash and cash equivalents as stated in the combined statements of cash flows		989,475	1,359,880	1,183,337
Non-pledged time deposits with original maturity of over three months when acquired without option to withdraw upon demand similar to demand deposits		86,206	—	—
Cash and bank balances as stated in the combined statements of financial position	24	1,075,681	1,359,880	1,183,337

(f) STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
NON-CURRENT ASSETS				
Investments in subsidiaries	17	10,080,023	10,080,023	10,080,023
CURRENT ASSET				
Other receivable	22	—	10	—
CURRENT LIABILITY				
Other payable	26	(40)	(40)	(20)
NET CURRENT LIABILITY		(40)	(30)	(20)
TOTAL ASSETS LESS CURRENT LIABILITY		10,079,983	10,079,993	10,080,003
Net assets		10,079,983	10,079,993	10,080,003
EQUITY				
Issued capital	29	7,800	7,800	7,800
Reserves	30(b)	10,072,183	10,072,193	10,072,203
Total equity		10,079,983	10,079,993	10,080,003

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND REORGANISATION

The Company was incorporated in the British Virgin Islands (the "BVI") as a company with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, No. 1 Harbour Road, Wanchai, Hong Kong.

Jinmao Investments, a trust constituted by the Trust Deed under the laws of Hong Kong, has been established as a fixed single investment trust, with its activities being limited to investment in the Company and related matters.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries of the Trust and the Company were principally engaged in the hotel operations, property leasing and provision of property management services (collectively referred to as the "Relevant Businesses") in the People's Republic of China (the "PRC").

In the opinion of the Directors, Jinmao (China) Investments Manager Limited, a wholly-owned subsidiary of Franshion Properties (China) Limited ("Franshion"), a company incorporated in Hong Kong and listed on the Stock Exchange, is the immediate holding company of the Company, and the ultimate holding company of the Company is Sinochem Group, a company established in the PRC and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Prior to the Reorganisation, the Relevant Businesses were carried out by certain subsidiaries now comprising the Group, which were controlled by Franshion.

In order to rationalise the current corporate structure of the Group, the following principal Reorganisation steps were undertaken to establish the Group:

(a) The Company was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014;

(b) The Trust was established pursuant to a trust deed entered into between the Trustee-Manager and the Company;

(c) The Company incorporated a new wholly-owned subsidiary, Grace Circle Development Limited ("Grace Circle"), in the BVI on 26 August 2013, which in turn incorporated a new wholly-owned subsidiary, Forever Eagle Limited ("Forever Eagle"), in Hong Kong on 25 October 2013;

(d) On 18 July 2013, China Jin Mao (Group) Company Limited ("China Jin Mao (Group)") (a wholly-owned subsidiary of the Company) and Beijing Xing Mao Real Estate Company Limited ("Beijing Xing Mao") (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao (Li Jiang) Real Estate Company Limited to Beijing Xing Mao. The consideration for the transfer was an amount equal to approximately HK$125,700,000. Completion of the transfer occurred on 12 January 2014;

(e) On 2 December 2013, China Jin Mao (Group) and Shanghai Xing Ji Investment Consulting Company Limited ("Shanghai Xing Ji") (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Shanghai Jinhang International Trading Company Limited to Shanghai Xing Ji. The consideration for the transfer was an amount equal to approximately HK$18,620,000. Completion of the transfer occurred on 22 January 2014;

(f) On 10 December 2013, China Jin Mao (Group) and Shanghai Xing Ji entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Shanghai Jin Mao International Cruising-Yacht Company Limited to Shanghai Xing Ji. The consideration for the transfer was an amount equal to HK$1. Completion of the transfer occurred on 29 January 2014;

(g) On 7 January 2014, China Jin Mao (Group) and Shanghai Xing Ji entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Shanghai Jin Mao Tower Advertising Company Limited to Shanghai Xing Ji. The consideration for the transfer was an amount equal to approximately HK$6,402,000. Completion of the transfer occurred on 22 January 2014;

(h) On 10 January 2014, China Jin Mao (Group) and Beijing Xing Mao entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao (Shanghai) Real Estate Company Limited ("Jin Mao (Shanghai) Real Estate"), which owns Hyatt Regency Chongming and other parts of a mixed-use development, to Beijing Xing Mao. The consideration for the transfer was an amount equal to approximately HK$259,761,000. Completion of the transfer occurred on 29 January 2014;

(i) On 12 June 2014, China Jin Mao (Group) and Franshion Jinmao (China) Limited (a wholly-owned subsidiary of Franshion) entered into a share transfer agreement pursuant to which China Jin Mao (Group) transferred all of its shareholding interest in Jin Mao Hong Kong Development Company Limited to Franshion Jinmao (China) Limited. The consideration for the transfer was an amount equal to HK$66,688. Completion of the transfer occurred on 12 June 2014;

(j) On 22 January 2014, Franshion, Glory First Enterprises Limited (a wholly-owned subsidiary of Franshion) and Forever Eagle entered into two share transfer agreements pursuant to which Forever Eagle agreed to acquire from Franshion and Glory First Enterprises Limited the entire issued share capital of Wangfujing Hotel Management Company Limited ("Wangfujing Hotel Management"), which owns

Renaissance Beijing Wangfujing Hotel. The consideration for the acquisition was an aggregate amount equal to approximately HK$593,900,000, of which approximately HK$148,471,000 will be paid to Franshion and approximately HK$445,429,000 will be paid to Glory First Enterprises Limited; and

(k) On 18 March 2014, the segregation of the title of Hyatt Regency Chongming into a standalone hotel was completed. On 22 May 2014, the title for Hyatt Regency Chongming was transferred to Li Long (Shanghai) Hotel Management Company Limited ("Li Long (Shanghai)"), which was established on 31 March 2014 as a wholly-owned subsidiary of Jin Mao (Shanghai) Real Estate, by way of an asset injection of Hyatt Regency Chongming by Jin Mao (Shanghai) Real Estate into Li Long (Shanghai). On 11 June 2014, Jin Mao (Shanghai) Real Estate and Jin Mao Hainan Investment Company Limited ("Jin Mao Hainan") (a wholly-owned subsidiary of the Company) entered into a share transfer agreement pursuant to which Jin Mao Hainan agreed to acquire from Jin Mao (Shanghai) Real Estate the entire issued share capital of Li Long (Shanghai), which owns Hyatt Regency Chongming. The consideration for the acquisition was an amount equal to approximately HK$930,005,000.

Further details of the Reorganisation are set out in the section headed "History and Reorganisation" of the Prospectus.

As at the date of this report, the Trust and the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Grace Circle (note a)	BVI/Hong Kong 26 August 2013	US$1	100	—	Investment holding
Most Giant Limited (note b)	Hong Kong 6 February 2008	HK$2	100	—	Investment holding
Forever Eagle (note g)	Hong Kong 25 October 2013	HK$1	—	100	Investment holding
中國金茂(集團)有限公司 China Jin Mao (Group)*# (note c)	PRC/Mainland China 10 February 1993	RMB2,635,000,000	—	100	Hotel operation and property investment
金茂(上海)物業服務有限公司 Jin Mao (Shanghai) Property Management Co., Ltd.** # (note d)	PRC/Mainland China 18 September 1995	RMB5,000,000	—	100	Property management
金茂(北京)置業有限公司 Beijing Jin Mao Real Estate Company Limited ** # (note d)	PRC/Mainland China 25 June 2007	RMB1,600,000,000	—	100	Hotel operation

Name of company	Place and date of incorporation/ registration and place of business	Nominal value of issued ordinary/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
金茂(三亞)度假酒店有限公司 Jin Mao Sanya Resort Hotel Company Limited ** # (note d)	PRC/Mainland China 29 August 2003	RMB300,000,000	—	100	Hotel operation
金茂(三亞)旅業有限公司 Jin Mao Sanya Tourism Company Limited ** # (note d)	PRC/Mainland China 23 March 2004	RMB500,000,000	—	100	Hotel operation
金茂(海南)投資有限公司 Jin Mao Hainan ** # (note d)	PRC/Mainland China 21 August 2003	RMB200,000,000	—	100	Investment holding
金茂深圳酒店投資有限公司 Jin Mao Shenzhen Hotel Investment Company Limited ** # (note d)	PRC/Mainland China 2 June 1993	RMB700,000,000	—	100	Hotel operation
金茂(麗江)酒店投資有限公司 Jin Mao (Li Jiang) Hotel Investment Company Limited ** # (note e)	PRC/Mainland China 12 March 2008	RMB100,000,000	—	100	Hotel operation
王府井飯店管理有限公司 Wangfujing Hotel Management * # (note f)	PRC/Mainland China 30 May 2003	US$73,345,000	—	100	Hotel operation
驪隆(上海)酒店管理有限公司 Li Long (Shanghai) ** # (note g)	PRC/Mainland China 31 March 2014	RMB760,000,000	—	100	Hotel operation

Notes:

(a) No statutory financial statements have been prepared for this entity since its date of incorporation as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(b) The statutory financial statements for the years ended 31 December 2011, 2012 and 2013 were audited by Ernst & Young, Hong Kong.

(c) The statutory financial statements for the year ended 31 December 2011 were audited by 安永華明會計師事務所 (Ernst & Young Hua Ming), certified public accountants registered in the PRC.

The statutory financial statements for the years ended 31 December 2012 and 2013 were audited by 利安達會計師事務所有限責任公司浙江分所 (Reanda Certified Public Accountants Co., Ltd Zhejiang Branch), certified public accountants registered in the PRC.

(d) The statutory financial statements for the year ended 31 December 2011 were audited by 安永華明會計師事務所 (Ernst & Young Hua Ming), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2012 were audited by 安永華明會計師事務所(特殊普通合夥) (Ernst & Young Hua Ming LLP), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2013 were audited by 利安達會計師事務所有限責任公司浙江分所 (Reanda Certified Public Accountants Co., Ltd Zhejiang Branch), certified public accountants registered in the PRC.

(e) The statutory financial statements for the year ended 31 December 2011 were audited by 安永華明會計師事務所 (Ernst & Young Hua Ming), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2012 were audited by 安永華明會計師事務所(特殊普通合夥) (Ernst & Young Hua Ming LLP), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2013 were audited by 瑞華會計師事務所(特殊普通合夥) (Ruihua Certified Public Accountants (Special General Partnership)), certified public accountants registered in the PRC.

(f) The statutory financial statements for the year ended 31 December 2011 were audited by 利安達會計師事務所有限責任公司 (Reanda Certified Public Accountants Co., Ltd), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2012 were audited by 國富浩華會計師事務所(特殊普通合夥) (Crowe Horwath China CPAs (Special Ordinary Partnership)), certified public accountants registered in the PRC.

The statutory financial statements for the year ended 31 December 2013 were audited by 瑞華會計師事務所(特殊普通合夥) (Ruihua Certified Public Accountants (Special General Partnership)), certified public accountants registered in the PRC.

(g) No statutory financial statements have been issued for these companies subsequent to their respective dates of incorporation.

The names of these companies referred to in this report represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

* *Registered as wholly-foreign-owned enterprises under PRC law*

** *Registered as limited liability companies under PRC law*

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group subsequent to the end of the Relevant Periods. The companies now comprising the Group were under the common control of Franshion before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The Financial Information excludes the other businesses, which are under the control of China Jin Mao (Group), but are not strategically complementary to the Relevant Businesses, such as advertising services and property development businesses (the "Non-relevant Businesses"). In evaluating whether the Financial Information prior to the Reorganisation fairly presents the history of the Group's businesses, the Directors considered, among others, the following:

(i) whether the Non-relevant Businesses were in dissimilar businesses;

(ii) whether the Non-relevant Businesses were and would be operated autonomously both before and after the Reorganisation; and

(iii) whether the Non-relevant Businesses had no more than incidental common facilities and costs.

The combined statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the Relevant Businesses first came under the common control of Franshion, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the Relevant Businesses using the existing book values from Franshion's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries and/or businesses held by parties other than Franshion, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting periods commencing from 1 January 2013, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value. The Financial Information is presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand ("HK$'000") except when otherwise indicated.

2.3 NET CURRENT LIABILITIES

The Group had net current liabilities of HK$3,603,046,000, HK$3,826,037,000 and HK$3,112,617,000 as at 31 December 2011, 2012 and 2013, respectively. The Directors are of the opinion that, based on a detailed review of the working capital forecast of the Group and the available unutilised banking facilities (note 27(a)), the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements.

Accordingly, the Directors are of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, and to provide for any further liabilities which might arise. The effect of these adjustments has not been reflected in the Financial Information.

2.4 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in this Financial Information:

HKFRS 9	*Financial Instruments* [4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39* [4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) — *Investment Entities* [1]
HKFRS 14	*Regulatory Deferral Accounts* [3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits — Defined Benefit Plans: Employee Contributions* [2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities* [1]
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets — Recoverable Amount Disclosures for Non-Financial Assets* [1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting* [1]
HK(IFRIC)-Int 21	*Levies* [1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014 [2]

1 Effective for annual periods beginning on or after 1 January 2014
2 Effective for annual periods beginning on or after 1 July 2014
3 Effective for annual periods beginning on or after 1 January 2016
4 No mandatory effective date yet determined but is available for adoption

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of combination

The Financial Information incorporates the financial statements of the Trust, the Company and its subsidiaries for the Relevant Periods. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the merger method of accounting. The acquisition method of accounting is used for the acquisitions of subsidiaries not under common control.

The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination.

The combined statements of profit or loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

The acquisition method of accounting involves allocating the cost of a business combination to the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of acquisition is measured at the aggregate fair value of the assets given and liabilities incurred or assumed at the date of exchange.

The results of subsidiaries are combined from the date on which the Group obtains control, and continue to be combined until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the combined statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post acquisition results and other comprehensive income of joint ventures is included in the combined statement of profit or loss and combined other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the combined statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 - based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Hotel properties	1.7% - 2.8%
Leasehold improvements	18% - 20%
Buildings	2% - 5%
Furniture, fixtures and office equipment	3.8% - 33.3%
Motor vehicles	8.3% - 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property as a revalued asset at the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and is dealt with as movements in the asset revaluation reserve, if the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the statement of profit or loss.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to assets revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses and losses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, accruals, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, loans and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the combined statement of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) hotel and other service income, in the period in which such services are rendered;

(b) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

(c) from the rendering of property management services, in the period in which such services are rendered;

(d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(e) dividend income, when the shareholders' right to receive payment has been established.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging between 5.54% and 7.87% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The Financial Information is presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of all subsidiaries and joint ventures operating in Mainland China is Renminbi ("RMB"). As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of each reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the combined statement of cash flows, the cash flows of all subsidiaries and joint ventures operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of all subsidiaries and joint ventures operating in Mainland China which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Withholding tax arising from the distribution of dividends

The Group's determination, as to whether to accrue withholding taxes arising from the distributions of dividends by certain subsidiaries according to the relevant tax rules enacted in the jurisdictions, is subject to judgement on the plan of the distribution of dividends.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of trade and other receivables

The policy for impairment of trade and other receivables of the Group is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amounts of investment properties at 31 December 2011, 2012 and 2013 were HK$7,354,250,000, HK$7,820,972,000 and HK$8,934,716,000, respectively. Further details, including the key assumptions used for fair value measurement, are given in note 15 to the Financial Information.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters are different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amounts of income tax payable at 31 December 2011, 2012 and 2013 were HK$30,348,000, HK$21,566,000 and HK$45,100,000, respectively.

Estimation of net realisable value for inventories

Inventories are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of each reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of inventories at 31 December 2011, 2012 and 2013 were HK$27,971,000, HK$25,196,000 and HK$25,132,000, respectively.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services they provided and has three reportable operating segments as follows:

(a) the property leasing segment leases office and commercial premises;

(b) the hotel operations segment provides hotel accommodation services; and

(c) the "others" segment mainly comprises the provision of property management and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, restricted bank balances, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Geographic information

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Information about major customers

During the Relevant Periods, there was no external customer accounted for 10% or more of the Group's total revenue.

For the year ended 31 December 2011

	Property leasing	Hotel operations	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:				
Sales to external customers	417,811	2,133,826	134,158	2,685,795
Intersegment sales	—	—	747	747
	417,811	2,133,826	134,905	2,686,542
Reconciliation:				
Elimination of intersegment sales				(747)
Total revenue				2,685,795
Segment results	492,713	401,156	72,831	966,700
Reconciliation:				
Interest income				127,355
Corporate and other unallocated expenses				(82,402)
Finance costs				(501,775)
Profit before tax				509,878
Segment assets	7,397,908	10,664,277	196,183	18,258,368
Reconciliation:				
Elimination of intersegment receivables				(3,348,674)
Corporate and other unallocated assets				7,756,939
Total assets				22,666,633
Segment liabilities	766,417	1,882,531	108,471	2,757,419
Reconciliation:				
Elimination of intersegment payables				(3,348,674)
Corporate and other unallocated liabilities				14,205,431
Total liabilities				13,614,176
Other segment information:				
Share of profits of joint ventures	—	—	3,619	3,619
Depreciation and amortisation	1,089	217,281	2,322	220,692
Recognition of prepaid land lease payments	—	48,614	—	48,614
Loss on disposal of items of property, plant and equipment	—	1,422	56	1,478
Impairment losses recognised in statement of profit or loss	—	124,826	—	124,826
Fair value gains on investment properties	156,986	—	—	156,986
Investments in joint ventures	—	—	36,052	36,052
Capital expenditure*	5,506	92,257	1,070	98,833

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

For the year ended 31 December 2012

	Property leasing	Hotel operations	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:				
Sales to external customers	490,825	2,010,179	148,063	2,649,067
Intersegment sales	—	—	—	—
	490,825	2,010,179	148,063	2,649,067
Reconciliation:				
Elimination of intersegment sales				—
Total revenue				2,649,067
Segment results	886,654	428,407	40,818	1,355,879
Reconciliation:				
Interest income				61,198
Other investment income				2,771
Corporate and other unallocated expenses				(89,063)
Finance costs				(536,241)
Profit before tax				794,544
Segment assets	7,845,658	10,668,590	204,790	18,719,038
Reconciliation:				
Elimination of intersegment receivables				(5,042,182)
Corporate and other unallocated assets				8,789,058
Total assets				22,465,914
Segment liabilities	218,118	2,966,309	112,600	3,297,027
Reconciliation:				
Elimination of intersegment payables				(5,042,182)
Corporate and other unallocated liabilities				14,016,275
Total liabilities				12,271,120
Other segment information:				
Share of profits of joint ventures	—	—	2,463	2,463
Depreciation and amortisation	1,102	216,342	5,209	222,653
Recognition of prepaid land lease payments	—	49,575	—	49,575
Loss on disposal of items of property, plant and equipment	—	14,991	115	15,106
Impairment losses recognised in statement of profit or loss	—	319	—	319
Fair value gains on investment properties	460,539	—	—	460,539
Investments in joint ventures	—	—	38,516	38,516
Capital expenditure*	5,895	322,500	3,455	331,850

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

For the year ended 31 December 2013

	Property leasing	Hotel operations	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Segment revenue:				
Sales to external customers	519,221	1,961,665	153,275	2,634,161
Intersegment sales	—	—	—	—
	519,221	1,961,665	153,275	2,634,161
Reconciliation:				
Elimination of intersegment sales				—
Total revenue				2,634,161
Segment results	1,286,761	363,714	29,462	1,679,937
Reconciliation:				
Interest income				53,409
Corporate and other unallocated expenses				(31,911)
Finance costs				(333,823)
Profit before tax				1,367,612
Segment assets	8,955,479	11,264,927	421,403	20,641,809
Reconciliation:				
Elimination of intersegment receivables				(3,322,918)
Corporate and other unallocated assets				3,191,703
Total assets				20,510,594
Segment liabilities	211,039	2,193,383	345,581	2,750,003
Reconciliation:				
Elimination of intersegment payables				(3,322,918)
Corporate and other unallocated liabilities				9,152,852
Total liabilities				8,579,937
Other segment information:				
Share of profits of joint ventures	—	—	2,293	2,293
Depreciation and amortisation	1,106	215,251	5,252	221,609
Recognition of prepaid land lease payments	—	50,476	—	50,476
Loss on disposal of items of property, plant and equipment	—	276	47	323
Impairment losses recognised in statement of profit or loss	—	2,108	—	2,108
Fair value gains on investment properties	843,116	—	—	843,116
Investments in joint ventures	—	—	42,052	42,052
Capital expenditure*	15,344	1,135,711	4,355	1,155,410

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

6. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the income from hotel operations, property management and related services rendered, net of business tax; and gross rental income from investment properties, net of business tax, during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December		
	2011	**2012**	**2013**
	HK$'000	**HK$'000**	**HK$'000**
Revenue			
Hotel operations	2,133,826	2,010,179	1,961,665
Gross rental income	417,811	490,825	519,221
Others	134,158	148,063	153,275
	2,685,795	2,649,067	2,634,161
Other income			
Bank interest income	28,062	30,230	24,151
Other interest income	99,293	30,968	29,258
Other investment income	—	2,771	—
	127,355	63,969	53,409
Gains			
Foreign exchange difference, net	18,197	786	11,039
Government grants*	1,643	12,459	10,118
Others	12,283	6,652	6,272
	32,123	19,897	27,429
	159,478	83,866	80,838

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
Cost of services provided		1,108,186	1,072,827	1,106,969
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		55,230	60,539	57,312
Depreciation***	14	214,585	216,429	216,202
Amortisation of intangible assets	18	6,107	6,224	5,407
Minimum lease payments under operating leases in respect of land and buildings		4,762	4,465	5,530
Recognition of prepaid land lease payments***	16	53,491	55,721	61,393
Less: Amount capitalised		(4,877)	(6,146)	(10,917)
		48,614	49,575	50,476
Auditors' remuneration		1,640	1,484	1,799
Employee benefit expense (including directors' remuneration note 9(a)):				
Wages and salaries		492,154	496,792	499,401
Pension scheme contributions (defined contribution scheme)		50,507	59,141	60,483
Less: Amount capitalised		(337)	(414)	(701)
Net pension scheme contributions*		50,170	58,727	59,782
		542,324	555,519	559,183
Loss on disposal of items of property, plant and equipment**		1,478	15,106	323
Impairment of items of property, plant and equipment**		123,549	—	2,108
Write-down of inventories to net realisable value**		287	—	—
Impairment/(reversal of impairment) of trade receivables**	21	990	319	(218)

* As at 31 December 2011, 2012 and 2013, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

** These items are included in "Other expenses and losses" in the combined statements of profit or loss.

*** These items relating to the Group's hotel properties are included in "Administrative expenses" in the combined statements of profit or loss.

8. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	Notes	Year ended 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
Interest on bank loans and debenture wholly repayable within five years		317,746	367,797	211,892
Interest on bank loans wholly repayable beyond five years		95,293	59,528	87,225
Interest on other loans due to a fellow subsidiary	34(a)	—	2,105	14,924
Interest on amounts due to related parties	34(a)	88,736	109,867	24,113
Total interest expense		501,775	539,297	338,154
Less: Interest capitalised		—	(3,056)	(4,331)
		501,775	536,241	333,823

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration for the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), is as follows:

	Year ended 31 December 2011	2012	2013
	HK$'000	HK$'000	HK$'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	—	—	—
Performance related bonuses	—	—	—
Pension scheme contributions	—	—	—
	—	—	—
	—	—	—

(b) Executive director, non-executive directors and independent non-executive directors

Subsequent to the end of the Relevant Periods, on 25 March 2014, Mr. ZHANG Hui was appointed as an executive director and chief executive officer of the Company, Mr. LI Congrui and Mr. JIANG Nan were appointed as non-executive directors of the Company, and Dr. CHUNG Shui Ming Timpson, Dr. CHEN Jieping and Dr. ZHANG Rungang were appointed as independent non-executive directors of the Company.

(c) The remuneration of a director of the Company during the Relevant Periods was as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31 December 2011					
Mr. HE Cao	—	—	—	—	—
Year ended 31 December 2012					
Mr. HE Cao	—	—	—	—	—
Year ended 31 December 2013					
Mr. HE Cao	—	—	—	—	—

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

(d) Five highest paid employees

None of the five highest paid individuals were directors of the Company for the years ended 31 December 2011, 2012 and 2013, respectively.

Details of the remuneration of the non-director, highest paid employees for each of the Relevant Periods are as follows:

	Year ended 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Salaries, allowances and benefits in kind	3,334	3,931	3,732
Performance related bonuses	3,835	3,322	4,255
Pension scheme contributions	950	1,074	1,140
	8,119	8,327	9,127

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees		
	2011	2012	2013
HK$1,000,001 to HK$1,500,000	1	1	2
HK$1,500,001 to HK$2,000,000	4	4	1
HK$2,000,001 to HK$2,500,000	—	—	2
	5	5	5

10. INCOME TAX

	Year ended 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Current — PRC corporate income tax	111,431	70,219	116,130
Deferred (note 28)	47,793	85,818	238,088
Total tax charge for the year	159,224	156,037	354,218

Hong Kong profits tax

No provision for Hong Kong profits tax has been made for the years ended 31 December 2011, 2012 and 2013 as the Group did not generate any assessable profits arising in Hong Kong during these years.

PRC corporate income tax

PRC corporate income tax represents tax charged on the estimated assessable profits arising in Mainland China. In general, the PRC subsidiaries of the Group are subject to the PRC corporate income tax rate of 25% except for certain PRC subsidiaries which were entitled to preferential tax rates during the Relevant Periods.

In 2011, pursuant to the relevant PRC income tax rules and regulations, preferential corporate income tax rates were granted to certain of the Group's PRC subsidiaries which were established and located in Shanghai Pudong New Area and Hainan Special Economic Zone. These companies were subject to the rate of 24% or tax rates in accordance with the tax practices as approved by the tax authorities in charge in 2011.

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended 31 December 2011					
	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	509,878		—		509,878	
Tax at the statutory tax rate	127,469	25.0	—	—	127,469	25.0
Lower tax rates for specific provinces or enacted by local authority	(6,434)	(1.3)	—	—	(6,434)	(1.3)
Profits and losses attributable to joint ventures	(869)	(0.2)	—	—	(869)	(0.2)
Expenses not deductible for tax	38,570	7.6	—	—	38,570	7.6
Tax losses utilised from previous periods	(17,912)	(3.5)	—	—	(17,912)	(3.5)
Tax losses not recognised	18,400	3.6	—	—	18,400	3.6
Tax charge at the Group's effective rate	159,224	31.2	—	—	159,224	31.2

	Year ended 31 December 2012					
	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	794,534		10		794,544	
Tax at the statutory tax rate	198,633	25.0	2	16.5	198,635	25.0
Profits and losses attributable to joint ventures	(616)	(0.1)	—	—	(616)	(0.1)
Income not subject to tax	—	—	(2)	(16.5)	(2)	—
Expenses not deductible for tax	9,986	1.3	—	—	9,986	1.3
Tax losses utilised from previous periods	(72,629)	(9.2)	—	—	(72,629)	(9.2)
Tax losses not recognised	20,663	2.6	—	—	20,663	2.6
Tax charge at the Group's effective rate	156,037	19.6	—	—	156,037	19.6

	Year ended 31 December 2013					
	Mainland China		Hong Kong		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit before tax	1,367,602		10		1,367,612	
Tax at the statutory tax rate	341,901	25.0	2	16.5	341,903	25.0
Profits and losses attributable to joint ventures	(573)	—	—	—	(573)	—
Income not subject to tax	—	—	(2)	(16.5)	(2)	—
Expenses not deductible for tax	7,627	0.5	—	—	7,627	0.5
Tax losses utilised from previous periods	(6,830)	(0.5)	—	—	(6,830)	(0.5)
Tax losses not recognised	12,093	0.9	—	—	12,093	0.9
Tax charge at the Group's effective rate	354,218	25.9	—	—	354,218	25.9

The share of tax attributable to joint ventures amounting to HK$1,205,000, HK$832,000 and HK$773,000 for the years ended 31 December 2011, 2012 and 2013, respectively, is included in the "Share of profits of joint ventures" in the combined statements of profit or loss.

11. DIVIDENDS

No dividend has been declared by the Company since its incorporation. No dividends have been declared by the subsidiaries now comprising the Group to their then equity owners throughout the Relevant Periods.

12. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The combined profits attributable to owners of the parent for the years ended 31 December 2012 and 2013 include the profits of HK$10,000 and HK$10,000, respectively, which have been dealt with in the financial statements of the Company (note 30(b)).

13. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Relevant Periods as disclosed in notes 1 and 2.1 to the Financial Information.

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011, net of accumulated depreciation and impairment	5,588,987	3,644	156,911	910,254	16,749	23,930	6,700,475
Additions	3,928	—	—	8,219	2,754	74,064	88,965
Disposals	(1,287)	—	—	(325)	(46)	(554)	(2,212)
Depreciation provided during the year	(120,314)	—	(3,400)	(87,222)	(3,649)	—	(214,585)
Impairment	(113,850)	(3,737)	—	(5,962)	—	—	(123,549)
Gains on properties revaluation in relation to the transfer to investment properties	111,668	—	—	—	—	—	111,668
Transfer to investment properties (note 15)	(147,575)	—	—	—	—	—	(147,575)
Transfers	6,134	—	—	7,384	—	(13,518)	—
Exchange realignment	271,085	93	7,705	43,334	809	2,589	325,615
At 31 December 2011 and 1 January 2012, net of accumulated depreciation and impairment	5,598,776	—	161,216	875,682	16,617	86,511	6,738,802
Additions	8,793	—	—	7,634	2,663	222,828	241,918
Disposals	(17,046)	—	—	(698)	(49)	—	(17,793)
Depreciation provided during the year	(121,631)	—	(2,765)	(88,606)	(3,427)	—	(216,429)
Transfers	8,996	—	—	6,215	—	(15,211)	—
Exchange realignment	(1,291)	—	(35)	(382)	(6)	645	(1,069)
At 31 December 2012 and 1 January 2013, net of accumulated depreciation and impairment	5,476,597	—	158,416	799,845	15,798	294,773	6,745,429
Additions	8,263	—	—	11,996	—	1,087,992	1,108,251
Disposals	(1,119)	—	—	(869)	(703)	—	(2,691)

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Depreciation provided during the year	(118,487)	—	(2,815)	(91,290)	(3,610)	—	(216,202)
Impairment	—	—	—	(2,108)	—	—	(2,108)
Transfers	49,901	—	—	3,146	—	(53,047)	—
Exchange realignment	170,416	—	4,913	23,757	425	25,926	225,437
At 31 December 2013, net of accumulated depreciation and impairment	5,585,571	—	160,514	744,477	11,910	1,355,644	7,858,116

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011:							
Cost	6,386,198	57,919	187,970	1,496,812	31,970	23,930	8,184,799
Accumulated depreciation and impairment	(797,211)	(54,275)	(31,059)	(586,558)	(15,221)	—	(1,484,324)
Net carrying amount	5,588,987	3,644	156,911	910,254	16,749	23,930	6,700,475
At 31 December 2011 and 1 January 2012:							
Cost	6,665,191	60,792	197,295	1,581,585	34,792	86,511	8,626,166
Accumulated depreciation and impairment	(1,066,415)	(60,792)	(36,079)	(705,903)	(18,175)	—	(1,887,364)
Net carrying amount	5,598,776	—	161,216	875,682	16,617	86,511	6,738,802
At 31 December 2012 and 1 January 2013:							
Cost	6,373,451	60,792	197,263	1,494,227	36,970	294,773	8,457,476
Accumulated depreciation and impairment	(896,854)	(60,792)	(38,847)	(694,382)	(21,172)	—	(1,712,047)
Net carrying amount	5,476,597	—	158,416	799,845	15,798	294,773	6,745,429

	Hotel properties	Leasehold improvements	Buildings	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2013:							
Cost	6,630,627	60,792	203,437	1,551,814	33,120	1,355,644	9,835,434
Accumulated depreciation and impairment	(1,045,056)	(60,792)	(42,923)	(807,337)	(21,210)	—	(1,977,318)
Net carrying amount	5,585,571	—	160,514	744,477	11,910	1,355,644	7,858,116

All of the Group's hotel properties and buildings are situated in Mainland China and are held under the following lease terms:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Long term leases	1,123,526	622,948	789,522
Medium term leases	4,636,466	5,012,065	4,956,563
	5,759,992	5,635,013	5,746,085

As at 31 December 2011, 2012 and 2013, certain of the Group's hotel properties with an aggregate net carrying amount of approximately HK$3,419,728,000, HK$1,382,442,000 and HK$2,250,794,000, respectively, were pledged to secure bank loans granted to the Group (note 27).

As at 31 December 2011, 2012 and 2013, certain of the Group's hotel properties with an aggregate net carrying amount of approximately HK$1,941,845,000, HK$1,896,762,000 and HK$1,956,959,000, respectively, were pledged to secure bank loans granted to a fellow subsidiary of the Group (note 31).

As at 31 December 2012 and 2013, certain of the Group's buildings with an aggregate net carrying amount of approximately HK$101,444,000 and HK$102,265,000, respectively, were pledged to secure bank loans granted to a fellow subsidiary of the Group (note 31).

For the year ended 31 December 2011, impairment loss of HK$123,549,000 was principally related to the renovations and improvements at the Renaissance Beijing Wangfujing Hotel (the "Renovation") during the Relevant Periods. In December 2011, as a result of the Renovation, full provision for impairment of HK$123,549,000 was made against the carrying value of the hotel properties, leasehold improvements and furniture, fixtures and office equipment attributable to the Renaissance Beijing Wangfujing Hotel. The carrying value of the Renaissance Beijing Wangfujing Hotel as at 31 December 2011 was reduced to HK$139,527,000. The recoverable amount of the Renaissance Beijing Wangfujing is determined from its fair value less costs of disposal using current replacement cost method. The fair value measurement is categorised within Level 3 of the fair value hierarchy. The key assumptions are those regarding the expected changes to asset construction costs.

15. INVESTMENT PROPERTIES

	Note	As at 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
Carrying amount at beginning of year		6,704,516	7,354,250	7,820,972
Additions during the year		5,066	5,895	12,046
Net gain from a fair value adjustment recognised in profit or loss		156,986	460,539	843,116
Transfer from owner-occupied properties	14	147,575	—	—
Exchange realignment		340,107	288	258,582
Carrying amount at end of year		7,354,250	7,820,972	8,934,716

The Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties consist of one commercial property in the Mainland China. The Directors have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of the property. The Group's investment properties were revalued on 31 December 2011, 2012 and 2013 based on valuations performed by CB Richard Ellis Limited, independent professionally qualified valuers, at approximately HK$7,354,250,000, HK$7,820,972,000 and HK$8,934,716,000, respectively. Each year, the Group's management decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results every year when the valuation is performed for annual financial reporting.

These investment properties are leased under operating leases, further summary details of which are included in note 32(a) to the Financial Information.

As at 31 December 2011, certain of the Group's investment properties with an aggregate net carrying amount of HK$2,057,828,000 were pledged to secure bank loans granted to the Group (note 27). As at 31 December 2011, 2012 and 2013, certain of the Group's investment properties with an aggregate net carrying amount of HK$3,736,210,000, HK$1,609,605,000 and HK$1,778,601,000, respectively, were pledged to secure bank loans granted to a fellow subsidiary of the Group (note 31).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2011 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Commercial properties	—	—	7,354,250	7,354,250

	Fair value measurement as at 31 December 2012 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Commercial properties	—	—	7,820,972	7,820,972

	Fair value measurement as at 31 December 2013 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Recurring fair value measurement for:				
Commercial properties	—	—	8,934,716	8,934,716

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

As at 31 December 2011

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties - Jin Mao Tower - Office . . .	Term and reversion method and Market comparable method	Term yield	6.75%
		Reversionary yield	6.75%
		Market rent (per square meter("sqm") per annum("p.a."))	HK$3,278 - HK$3,541 (HK$3,375)
		Price per sqm	HK$55,530
Commercial properties - Jin Mao Tower - Retail . . .	Term and reversion method and Market comparable method	Term yield	9.25%
		Reversionary yield	9.25%
		Market rent (per sqm p.a.)	HK$4,317 - HK$9,717 (HK$6,745)
		Price per sqm	HK$57,271
Commercial properties - Jin Mao Tower - Car parks	Term and reversion method	Term yield	8.50%
		Reversionary yield	8.50%
		Market rent (per unit p.a.)	HK$6,548

As at 31 December 2012

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties - Jin Mao Tower - Office . . .	Term and reversion method and Market comparable method	Term yield	6.75%
		Reversionary yield	6.75%
		Market rent (per sqm p.a.)	HK$2,715 - HK$4,291 (HK$4,190)
		Price per sqm	HK$62,023
Commercial properties - Jin Mao Tower - Retail . . .	Term and reversion method and Market comparable method	Term yield	9.25%
		Reversionary yield	9.25%
		Market rent (per sqm p.a.)	HK$7,126
		Price per sqm	HK$64,778
Commercial properties - Jin Mao Tower - Car parks	Term and reversion method	Term yield	9.00%
		Reversionary yield	9.00%
		Market rent (per unit p.a.)	HK$7,101

As at 31 December 2013

	Valuation techniques	Significant unobservable inputs	Range (weighted average)
Commercial properties - Jin Mao Tower - Office . . .	Term and reversion method and Market comparable method	Term yield	5.75%
		Reversionary yield	5.75%
		Market rent (per sqm p.a.)	HK$1,856 - HK$4,640 (HK$4,482)
		Price per sqm	HK$67,432
Commercial properties - Jin Mao Tower - Retail . . .	Term and reversion method and Market comparable method	Term yield	9.00%
		Reversionary yield	9.00%
		Market rent (per sqm p.a.)	HK$7,270
		Price per sqm	HK$77,662
Commercial properties - Jin Mao Tower - Car parks	Term and reversion method	Term yield	5.00%
		Reversionary yield	5.00%
		Market rent (per unit p.a.)	HK$7,542

Term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Company is the price per square metre. The market comparable approach is often used in combination with either discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent and the price per square meter would result in a significant increase (decrease) in the fair value of the investment properties.

16. PREPAID LAND LEASE PAYMENTS

	Notes	As at 31 December 2011	2012	2013
		HK$'000	HK$'000	HK$'000
Carrying amount at beginning of year		1,822,858	1,863,009	1,890,970
Additions during the year		4,363	83,894	29,643
Recognised during the year	7	(53,491)	(55,721)	(61,393)
Disposal during the year		—	—	(95,555)
Exchange realignment		89,279	(212)	57,132
Carrying amount at end of year		1,863,009	1,890,970	1,820,797
Current portion included in prepayments, deposits and other receivables	22	(52,497)	(53,861)	(55,961)
Non-current portion		1,810,512	1,837,109	1,764,836

The Group's leasehold land is situated in Mainland China and is held under the following lease terms:

	As at 31 December 2011	2012	2013
	HK$'000	HK$'000	HK$'000
Long term leases	507,142	418,847	238,107
Medium term leases	1,355,867	1,472,123	1,582,690
	1,863,009	1,890,970	1,820,797

As at 31 December 2011, 2012 and 2013, certain of the Group's prepaid land lease payments with an aggregate net carrying amount of HK$351,016,000, HK$108,161,000 and HK$108,241,000, respectively, were pledged to secure bank loans granted to the Group (note 27).

17. INVESTMENTS IN SUBSIDIARIES

Company

	As at 31 December 2011	2012	2013
	HK$'000	HK$'000	HK$'000
Unlisted shares, at cost	10,080,023	10,080,023	10,080,023

Particulars of the subsidiaries of the Group as at the date of this report are set out in note 1 to the Financial Information.

18. INTANGIBLE ASSETS

	Computer software	Others	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2011, net of accumulated amortisation	17,336	5,198	22,534
Additions	439	—	439
Amortisation provided during the year	(5,864)	(243)	(6,107)
Exchange realignment	733	252	985
At 31 December 2011 and 1 January 2012, net of accumulated amortisation	12,644	5,207	17,851
Additions	143	—	143
Amortisation provided during the year	(5,976)	(248)	(6,224)
Exchange realignment	(21)	(3)	(24)
At 31 December 2012 and 1 January 2013, net of accumulated amortisation	6,790	4,956	11,746
Additions	5,470	—	5,470
Amortisation provided during the year	(5,154)	(253)	(5,407)
Exchange realignment	218	151	369
At 31 December 2013, net of accumulated amortisation	7,324	4,854	12,178
At 1 January 2011:			
Cost	38,310	6,483	44,793
Accumulated amortisation	(20,974)	(1,285)	(22,259)
Net carrying amount	17,336	5,198	22,534
At 31 December 2011 and 1 January 2012:			
Cost	39,405	6,805	46,210
Accumulated amortisation	(26,761)	(1,598)	(28,359)
Net carrying amount	12,644	5,207	17,851
At 31 December 2012 and 1 January 2013:			
Cost	39,542	6,804	46,346
Accumulated amortisation	(32,752)	(1,848)	(34,600)
Net carrying amount	6,790	4,956	11,746
At 31 December 2013:			
Cost	46,337	7,017	53,354
Accumulated amortisation	(39,013)	(2,163)	(41,176)
Net carrying amount	7,324	4,854	12,178

19. INVESTMENTS IN JOINT VENTURES

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Share of net assets	36,052	38,516	42,052

The amounts due to joint ventures are disclosed in note 23 to the Financial Information.

Particulars of the Group's joint ventures at the end of the Relevant Periods are as follows:

Name of company	Registered and paid-in capital	Place of registration and business	Percentage of Ownership interest	Percentage of Voting power	Percentage of Profit sharing	Principal activities
上海金茂錦江汽車服務有限公司 Shanghai Jin Mao Jin Jiang Automobile Service Company Limited ("Jin Mao Jin Jiang") #	RMB22,000,000	PRC/Mainland China	50%	57%	50%	Lease of commercial vehicles
上海金茂汽車租賃有限公司 Shanghai Jin Mao Auto Hire Company Limited ("Jin Mao Auto Hire") #	RMB2,000,000	PRC/Mainland China	45%	57%	45%	Lease of commercial vehicles

The names of these companies referred to in this report represent management's best effort at translating the Chinese names of these companies, as no English names have been registered.

Jin Mao Jin Jiang and Jin Mao Auto Hire (collectively, the "Auto Hire Group"), which are considered as material joint ventures of the Group, act as the Group's taxi and car chauffeur service providers in Mainland China and are accounted for using the equity method.

The following tables illustrate the summarised financial information of the Auto Hire Group adjusted for any differences in accounting policies and reconciled to the carrying amount in the Financial Information:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Cash and bank balances	4,742	5,378	6,650
Other current assets	9,946	15,272	16,645
Current assets	14,688	20,650	23,295
Non-current assets	72,438	81,436	74,843
Financial liabilities, excluding trade and other payables	(9,868)	(15,416)	(12,791)
Other current liabilities	(5,154)	(9,638)	(1,243)
Current liabilities	(15,022)	(25,054)	(14,034)
Net assets	72,104	77,032	84,104

Reconciliation to the Group's interest in the joint ventures:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Proportion of the Group's ownership	50%	50%	50%
Group's share of net assets of the joint ventures and carrying amount of the investments	36,052	38,516	42,052

	Year ended 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Revenue	51,760	53,052	57,745
Interest income	22	18	23
Depreciation and amortisation	(13,823)	(13,817)	(14,436)
Interest expenses	(636)	(782)	(715)
Tax	(2,410)	(1,664)	(3,865)
Profit and total comprehensive income for the year	7,238	4,926	4,586

20. INVENTORIES

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Raw materials	5,219	4,962	5,016
Hotel merchandise	20,502	18,542	18,036
Trading stock	2,250	1,692	2,080
	27,971	25,196	25,132

21. TRADE RECEIVABLES

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Trade receivables	47,377	56,274	56,842
Impairment	(1,961)	(2,256)	(1,993)
	45,416	54,018	54,849

The Group's trading terms with certain of its customers in relation to the provision of hotel and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months, extending up to six months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provision, is as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Within 1 month	40,292	45,948	49,053
1 to 3 months	4,338	6,885	4,963
4 to 6 months	595	890	784
Over 6 months	191	295	49
	45,416	54,018	54,849

The movements in provision for impairment of trade receivables are as follows:

		Year ended 31 December		
	Note	2011	2012	2013
		HK$'000	HK$'000	HK$'000
At 1 January		960	1,961	2,256
Impairment losses recognised/(reversed)	7	990	319	(218)
Amount written off as uncollectible		(59)	(25)	(110)
Exchange realignment		70	1	65
		1,961	2,256	1,993

As at 31 December 2011, 2012 and 2013, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$1,961,000, HK$2,256,000 and HK$1,993,000, respectively, with a carrying amount before provision of HK$1,961,000, HK$2,256,000 and HK$1,993,000, respectively.

The individually impaired trade receivables related to customers that were in financial difficulties or were in default.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Neither past due nor impaired	45,006	53,429	54,364
Less than 1 month past due	—	—	117
1 to 3 months past due	305	589	174
Over 3 months past due	105	—	194
	45,416	54,018	54,849

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

		As at 31 December		
	Note	2011	2012	2013
		HK$'000	HK$'000	HK$'000
Prepayments		9,468	10,573	70,091
Deposits		12,543	12,466	39,823
Other receivables		10,404	10,825	16,036
Prepaid land lease payments	16	52,497	53,861	55,961
		84,912	87,725	181,911
Portion classified as non-current asset — prepayments		—	—	(50,988)
		84,912	87,725	130,923

Company

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Other receivable	—	10	—

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	As at 31 December		
	2011	**2012**	**2013**
	HK$'000	**HK$'000**	**HK$'000**
Due from related parties:			
Fellow subsidiaries	5,225,638	4,206,434	396,867
Joint ventures of Franshion	3,293	2,109	—
	5,228,931	4,208,543	396,867
Due to related parties:			
Immediate holding company	104	94	84
Fellow subsidiaries	5,060,144	4,809,180	185,449
Joint ventures	1,050	557	4,563
Joint ventures of Franshion	—	—	318
	5,061,298	4,809,831	190,414

Except for the amounts due from related parties of HK$1,128,653,000 and HK$381,570,000 which are interest-bearing at rates ranging from 7.0% to 7.9% per annum and 6.0% per annum as at 31 December 2011 and 2013, respectively, unsecured and are repayable within one year, other balances due from related parties are unsecured, interest-free and are repayable on demand.

Except for the amounts due to related parties of HK$3,145,425,000 and HK$986,640,000 which are interest-bearing at rates ranging from 4.6% to 6.6% per annum and 6.6% per annum as at 31 December 2011 and 2012, respectively, unsecured and are repayable within one year, other balances due to related parties are unsecured, interest-free and are repayable on demand.

The Directors confirmed that the balances with related parties as at 31 December 2013 will be settled prior to the listing of the share stapled units of the Trust and the Company.

24. CASH AND BANK BALANCES AND PLEDGED DEPOSITS

	Note	As at 31 December		
		2011	2012	2013
		HK$'000	HK$'000	HK$'000
Cash and bank balances		920,431	1,242,052	1,008,460
Time deposits		391,884	338,600	174,882
		1,312,315	1,580,652	1,183,342
Less:				
Pledged time deposits for short term bank loans	27	(236,602)	(220,761)	—
Restricted bank balances		(32)	(11)	(5)
		(236,634)	(220,772)	(5)
Cash and bank balances		1,075,681	1,359,880	1,183,337

The cash and bank balances of the Group denominated in RMB amounted to HK$910,265,000, HK$1,232,754,000 and HK$1,171,773,000 at 31 December 2011, 2012 and 2013, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2011, 2012 and 2013, included in the Group's cash and bank balances are deposits of HK$916,000, HK$3,891,000, and HK$2,671,000, respectively, placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance", a fellow subsidiary of the Group), a financial institution approved by the People's Bank of China. During the years ended 31 December 2011, 2012 and 2013, the interest rates on these deposits were determined at 0.5% per annum, rates ranging from 0.4% to 0.5% per annum and 0.4% per annum, respectively. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 34(a) to the Financial Information.

25. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on invoice date, is as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Within 1 year or on demand	97,916	84,224	96,632
1 to 2 years	73	—	280
2 to 3 years	112	—	—
Over 3 years	213	—	—
	98,314	84,224	96,912

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

26. OTHER PAYABLES AND ACCRUALS

Group

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Other payables	615,965	659,582	958,360
Receipts in advance	146,226	93,621	102,620
Accruals	42,430	41,238	40,449
	804,621	794,441	1,101,429

Company

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Other payable	40	40	20

Other payables and accruals are non-interest-bearing with an average term of not more than one year.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December								
	2011			2012			2013		
	Effective interest rate (%)	Maturity	HK$'000	Effective Interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current									
Bank loans, secured	4.50	2012	205,232	4.20	2013	204,697			—
Bank loans, unsecured . .	3.59-6.12	2012	2,361,076	3.72-5.85	2013	3,272,962	4.20-6.31	2014	2,341,700
Other loans, unsecured *			—	5.04-6.00	2013	431,655	5.04-6.00	2014	445,165
Current portion of long-term bank loans, secured	6.21-7.76	2012	508,202	5.76-5.90	2013	162,795	5.76-5.90	2014	683,010
Debenture, secured	4.22	2012	1,233,500			—			—
			4,308,010			4,072,109			3,469,875
Non-current									
Bank loans, secured	6.21-7.76	2013-2019	2,147,524	5.76-5.90	2014-2020	1,192,601	5.90	2015-2023	1,933,288
Other loans, unsecured *.			—			—	6.40	2018	165,347
			2,147,524			1,192,601			2,098,635
			6,455,534			5,264,710			5,568,510

* The balance represents an amount due to a fellow subsidiary of the Group.

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Analysed into:			
Bank loans repayable:			
Within one year	3,074,510	3,640,454	3,024,710
In the second year	483,532	582,118	231,486
In the third to fifth years, inclusive	1,382,754	414,389	719,895
Beyond five years	281,238	196,094	981,907
	5,222,034	4,833,055	4,957,998
Other borrowings repayable:			
Within one year	1,233,500	431,655	445,165
In the third to fifth years, inclusive	—	—	165,347
	1,233,500	431,655	610,512
	6,455,534	5,264,710	5,568,510

Notes:

(a) As at 31 December 2011, 2012 and 2013, the Group's loan facilities amounting to approximately HK$7,220,304,000, HK$7,726,594,000 and HK$8,951,452,000, respectively, had been utilised to the extent of approximately HK$222,034,000, HK$4,339,735,000 and HK$4,614,585,000, respectively.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's hotel properties with an aggregate net carrying amount of approximately HK$3,419,728,000, HK$1,382,442,000 and HK$2,250,794,000 at 31 December 2011, 2012 and 2013, respectively (note 14);

(ii) mortgages over certain of the Group's investment properties with an aggregate net carrying amount of approximately HK$2,057,828,000 at 31 December 2011 (note 15);

(iii) mortgages over certain of the Group's prepaid land lease payments with an aggregate net carrying amount of approximately HK$351,016,000, HK$108,161,000 and HK$108,241,000 at 31 December 2011, 2012 and 2013, respectively (note 16); and

(iv) the pledge of certain of the Group's time deposits amounting to approximately HK$236,602,000 and HK$220,761,000 at 31 December 2011 and 2012, respectively (note 24).

(c) Except for the bank and other borrowings amounting to approximately HK$358,343,000, HK$357,409,000 and HK$357,536,000 at 31 December 2011, 2012 and 2013, respectively, which are denominated in United States dollars ("US$"), all bank and other borrowings are denominated in RMB.

28. DEFERRED TAX

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax liabilities

	Revaluation of properties	Depreciation allowance in excess of related depreciation	Others	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Gross deferred tax liabilities at 1 January 2011	839,195	194,953	4,642	1,038,790
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	39,247	18,588	(2,115)	55,720
Deferred tax charged to the statement of changes in equity during the year	27,917	—	—	27,917
Exchange realignment	43,252	10,107	—	53,359
Gross deferred tax liabilities at 31 December 2011 and 1 January 2012	949,611	223,648	2,527	1,175,786
Deferred tax charged to the statement of profit or loss during the year (note 10)	115,135	19,387	1,142	135,664
Exchange realignment	211	24	—	235
Gross deferred tax liabilities at 31 December 2012 and 1 January 2013	1,064,957	243,059	3,669	1,311,685
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	210,779	20,095	(155)	230,719
Exchange realignment	36,733	7,930	—	44,663
Gross deferred tax liabilities at 31 December 2013	1,312,469	271,084	3,514	1,587,067

Deferred tax assets

	Losses available for offsetting against future taxable profits	Accruals	Total
	HK$'000	HK$'000	HK$'000
Gross deferred tax assets at 1 January 2011	—	12,607	12,607
Deferred tax credited to the statement of profit or loss during the year (note 10)	—	7,927	7,927
Exchange realignment	—	812	812
Gross deferred tax assets at 31 December 2011 and 1 January 2012	—	21,346	21,346
Deferred tax credited to the statement of profit or loss during the year (note 10)	38,308	11,538	49,846
Exchange realignment	120	33	153
Gross deferred tax assets at 31 December 2012 and 1 January 2013	38,428	32,917	71,345
Deferred tax credited/(charged) to the statement of profit or loss during the year (note 10)	91	(7,460)	(7,369)
Exchange realignment	1,205	909	2,114
Gross deferred tax assets at 31 December 2013	39,724	26,366	66,090

For presentation purposes, certain deferred tax assets and liabilities have been offsetted in the combined statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Net deferred tax assets recognised in the combined statement of financial position	9,621	56,008	56,595
Net deferred tax liabilities recognised in the combined statement of financial position	(1,164,061)	(1,296,348)	(1,577,572)
	(1,154,440)	(1,240,340)	(1,520,977)

As at 31 December 2011, 2012 and 2013, the Group has tax losses arising in Mainland China of HK$495,609,000, HK$287,745,000 and HK$308,797,000, respectively, that will expire in one to five years for offsetting against future taxable profits.

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% or 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2011, 2012 and 2013, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, the unremitted earnings of the Group's PRC subsidiaries as at 31 December 2013 are expected to be used to fund their operations and capital expenditures and therefore it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$329,350,000, HK$368,760,000 and HK$393,592,000 at 31 December 2011, 2012 and 2013, respectively.

29. SHARE CAPITAL

Company

	Number of shares	Amounts	Equivalent to
		US$'000	HK$'000
Authorised ordinary shares of US$1.00 each:			
At 31 December 2011, 2012 and 2013	1,000,000	1,000	7,800
Issued and fully paid ordinary shares of US$1.00 each:			
At 31 December 2011, 2012 and 2013	1,000,000	1,000	7,800

30. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the combined statements of changes in equity.

(i) *Merger reserve*

The merger reserve of the Group represents the capital contributions from the equity holders of the subsidiaries now comprising the Group before the completion of the Reorganisation as detailed in note 1 to the Financial Information.

(ii) *Capital reserve*

The capital reserve represents the difference between the cost of acquisition and the non-controlling interests acquired in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary.

(iii) *PRC statutory surplus reserve*

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

(iv) *Assets revaluation reserve*

The assets revaluation reserve arose from changes in use from owner-occupied properties to investment properties carried at fair value.

(b) Company

	Share premium account	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000
At 1 January 2011, 31 December 2011 and 1 January 2012	10,072,223	(40)	10,072,183
Profit for the year	—	10	10
At 31 December 2012 and 1 January 2013	10,072,223	(30)	10,072,193
Profit for the year	—	10	10
At 31 December 2013	10,072,223	(20)	10,072,203

31. CONTINGENT LIABILITIES

As at the end of each of the Relevant Periods, contingent liabilities not provided for in the Financial Information were as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Guarantee given to a bank in connection with facility granted to a fellow subsidiary of the Group	9,868,000	9,866,400	10,175,200

A banking facility granted to a fellow subsidiary is secured by:

(i) mortgages over certain of the Group's hotel properties and buildings with an aggregate net carrying amount of approximately HK$1,941,845,000, HK$1,998,206,000 and HK$2,059,224,000 at 31 December 2011, 2012 and 2013, respectively (note 14); and

(ii) mortgages over certain of the Group's investment properties with an aggregate net carrying amount of approximately HK$3,736,210,000, HK$1,609,605,000 and HK$1,778,601,000 at 31 December 2011, 2012 and 2013, respectively (note 15).

The fair value of the guarantee is not significant and the Directors consider that the risk of default in payment is remote, and therefore no provision for the guarantee has been made in this Financial Information.

The Directors confirmed that the banking facilities guarantee given by the Group will be released prior to the listing of the share stapled units of the Trust and the Company.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

As at the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Within one year	411,187	507,389	528,364
In the second to fifth years, inclusive	336,468	375,525	449,364
After five years	1,026	—	—
	748,681	882,914	977,728

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

As at the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Within one year	2,763	3,290	3,403
In the second to fifth years, inclusive	389	5,212	2,410
	3,152	8,502	5,813

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the following capital commitments as at the end of each reporting period:

	As at 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Contracted, but not provided for:			
Property, plant and equipment	76,692	891,170	925,790

34. RELATED PARTY TRANSACTIONS

(a) Apart from the transactions and balances disclosed elsewhere in the Financial Information, the Group had the following material transactions with related parties during the Relevant Periods:

		Year ended 31 December		
	Notes	2011	2012	2013
		HK$'000	HK$'000	HK$'000
Transaction with fellow subsidiaries:				
Receiving of decoration services	(i)	15,479	33,159	206,627
Provision of property management services	(i)	6,474	12,235	23,884
Receiving of advertising services	(i)	1,579	615	—
Rental income	(i)	77,266	89,384	96,646
Income from hotel operations	(i)	214	—	—
Interest income	(ii)	99,470	31,156	29,269
Interest expenses	(iii)	88,736	111,972	39,037
Transaction with joint ventures:				
Rental income	(i)	296	—	—
Transaction with the ultimate holding company:				
Income from hotel operations	(i)	13	—	—

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) During the years ended 31 December 2011, 2012 and 2013, the interest income were determined at rates ranging from 0.5% to 7.9% per annum, 0.4% to 7.9% per annum and 0.4% to 7.5% per annum, respectively.

(iii) During the years ended 31 December 2011, 2012 and 2013, the interest expenses were charged at rates ranging from 4.6% to 6.6% per annum, 5.0% to 6.6% per annum and 5.0% to 6.4% per annum, respectively.

(b) Other transactions with related parties

In 2012, the Group acquired a parcel of land with a carrying amount of approximately HK$61,665,000 from a fellow subsidiary of the Group at a cash consideration of approximately HK$61,665,000.

In 2013, the Group disposed a parcel of land with a carrying amount of approximately HK$95,555,000 to a fellow subsidiary of the Group for a cash consideration of approximately HK$95,555,000.

(c) Outstanding balances with related parties

Other than balances with related parties as disclosed in notes 23, 24 and 27 to the Financial Information, the Group had no outstanding balances with related parties as at the end of each of the Relevant Periods.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2011	2012	2013
	HK$'000	HK$'000	HK$'000
Short term employee benefits	8,762	9,305	9,906
Post-employment benefits	1,224	1,403	1,362
Total compensation paid to key management personnel	9,986	10,708	11,268

(e) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the Relevant Periods, the Group had some transactions with other SOEs including, but not limited to, borrowings, deposits and the provision of property lease and management service. The Directors consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

35. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2011, 2012 and 2013, all the financial assets and liabilities of the Group and the Company were loans and receivables and financial liabilities at amortised cost, respectively.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2011, 2012 and 2013, the carrying amounts of the Group's and the Company's financial instruments approximated to their fair values.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

It is, and has been throughout the Relevant Periods, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain approximately 30% of its interest-bearing borrowings at fixed interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in the Group's profit before tax
		HK$'000
For the year ended 31 December 2011		
RMB	27	(8,991)
US$	27	(122)
RMB	(27)	8,991
US$	(27)	122
For the year ended 31 December 2012		
RMB	27	(5,750)
US$	27	(57)
RMB	(27)	5,750
US$	(27)	57
For the year ended 31 December 2013		
RMB	27	(8,784)
US$	27	(163)
RMB	(27)	8,784
US$	(27)	163

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the next annual end of the reporting period.

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends, without the prior approval of the State Administration for Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing bank and other borrowings denominated in United States dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2011, 2012 and 2013.

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in the Group's profit for the year
	%	HK$'000
For the year ended 31 December 2011		
Increase in US$ rate	5	(17,034)
Decrease in US$ rate	(5)	17,034
For the year ended 31 December 2012		
Increase in US$ rate	5	(17,359)
Decrease in US$ rate	(5)	17,359
For the year ended 31 December 2013		
Increase in US$ rate	5	(17,027)
Decrease in US$ rate	(5)	17,027

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its leasing activities, the provision of hotel and property management services and its financing activities, including deposits with banks and financial institutions. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk as at the end of each of the Relevant Periods is the carrying value of each class of financial asset.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the Directors, the Group is expected to have adequate source of funding to finance and manage its liquidity position.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

Group

	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2011					
Interest-bearing bank and other borrowings	4,541,284	608,855	1,525,515	295,900	6,971,554
Trade payables	98,314	—	—	—	98,314
Other payables and accruals	658,395	—	—	—	658,395
Due to related parties	5,061,298	—	—	—	5,061,298
Guarantee given to a bank in connection with facility granted to a fellow subsidiary of the Group	4,317,250	—	—	—	4,317,250
	14,676,541	608,855	1,525,515	295,900	17,106,811
31 December 2012					
Interest-bearing bank and other borrowings	4,205,935	635,376	486,946	208,842	5,537,099
Trade payables	84,224	—	—	—	84,224
Other payables and accruals	700,820	—	—	—	700,820
Due to related parties	4,809,831	—	—	—	4,809,831
Guarantee given to a bank in connection with facility granted to a fellow subsidiary of the Group	6,807,816	—	—	—	6,807,816
	16,608,626	635,376	486,946	208,842	17,939,790

	Within one year or on demand	More than one year but less than two years	More than two years but less than five years	More than five years	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2013					
Interest-bearing bank and other borrowings	3,654,866	350,131	1,148,578	1,153,768	6,307,343
Trade payables	96,912	—	—	—	96,912
Other payables and accruals	998,809	—	—	—	998,809
Due to related parties	190,414	—	—	—	190,414
Guarantee given to a bank in connection with facility granted to a fellow subsidiary of the Group	7,020,888	—	—	—	7,020,888
	11,961,889	350,131	1,148,578	1,153,768	14,614,366

Company

	Within one year or on demand
	HK$'000
31 December 2011	
Other payable	40
31 December 2012	
Other payable	40
31 December 2013	
Other payable	20

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2011, 2012 and 2013.

The Group monitors capital on the basis of the debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the combined statements of financial position) less cash and bank balances, restricted bank balances and pledged deposits. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to related parties. The Group aims to maintain the debt-to-adjusted-capital ratio at a reasonable level. The debt-to-adjusted-capital ratios as at the end of each of the Relevant Periods were as follows:

		As at 31 December		
	Notes	2011	2012	2013
		HK$'000	HK$'000	HK$'000
Interest-bearing bank and other borrowings	27	6,455,534	5,264,710	5,568,510
Less: Cash and bank balances	24	(1,075,681)	(1,359,880)	(1,183,337)
Restricted bank balances and pledged deposits	24	(236,634)	(220,772)	(5)
Net debt		5,143,219	3,684,058	4,385,168
Total equity		9,052,457	10,194,794	11,930,657
Add: Amounts due to related parties	23	5,061,298	4,809,831	190,414
Adjusted capital		14,113,755	15,004,625	12,121,071
Debt-to-adjusted-capital ratio		36.4%	24.6%	36.2%

III. EVENTS AFTER THE REPORTING PERIOD

(a) On 13 June 2014, the Company repurchased in aggregate 1,000,000 ordinary shares of the Company of US$1.00 each, being all of the issued shares of the Company at that date, at an aggregate repurchase price of HK$7,800,000 and cancelled all repurchased shares on the same date (the "Repurchase and Cancellation"). Immediately following the Repurchase and Cancellation, the authorised share capital of the Company was changed to HK$5,000,000 by the creation of 5,000,000,000 ordinary shares and 5,000,000,000 preference shares of HK$0.0005 each. Further details of the changes in the share capital of the Company are set out in "A. Further Information About The Company" in Appendix X to the Prospectus.

(b) On 13 June 2014, the companies now comprising the Group completed the Reorganisation in preparation for the listing of the share stapled units of the Trust and the Company on the Stock Exchange. Further details of the Reorganisation are set out in the section headed "History and Reorganisation" of the Prospectus.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2013.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information set forth below does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants, as set forth in Appendix I to this Prospectus, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this Prospectus and the financial information included in the Accountants' Report set forth in Appendix I to this Prospectus.

A. UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Trust Group is prepared in accordance with Rule 4.29 of the Listing Rules and is set out below to illustrate the effect of the completion of the Global Offering on the combined net tangible assets of the Trust Group attributable to owners of the parent as at 31 December 2013 as if the Global Offering had taken place on 31 December 2013.

This pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Trust Group had the Global Offering been completed as at 31 December 2013 or at any future date.

	Combined net tangible assets attributable to owners of the parent as at 31 December 2013(1)	Estimated net proceeds from the Global Offering(2)	Adjustment for the Pre-IPO Dividend(3)	Unaudited pro forma adjusted combined net tangible assets attributable to owners of the parent	Unaudited pro forma adjusted combined net tangible assets per Share Stapled Unit(4)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$
Based on an Offer Price of HK$5.35 per Offer Share Stapled Unit	11,918,479	3,052,189	(5,339,914)	9,630,754	4.82
Based on an Offer Price of HK$5.65 per Offer Share Stapled Unit	11,918,479	3,226,789	(6,487,689)	8,657,579	4.33

Notes:

(1) The combined net tangible assets attributable to owners of the parent as at 31 December 2013 is extracted from the Accountants' Report set out in Appendix I and is equal to the audited combined net assets attributable to owners of the parent of HK$11,930,657,000 as at 31 December 2013 less intangible assets of HK$12,178,000 as at the same date.

(2) The estimated net proceeds from the Global Offering are based on the Minimum Offer Price and the Maximum Offer Price of HK$5.35 and HK$5.65 per Offer Share Stapled Unit, respectively, being the gross proceeds less the underwriting commissions, the discretionary incentive fee and the additional discretionary fee (assuming the full payment of the discretionary incentive fee and the additional discretionary fee) payable to the Underwriters under the Underwriting Agreements and other expenses in relation to the Global Offering payable by Jinmao Investments and the Company.

(3) This adjustment is to reflect the Pre-IPO Dividend of approximately HK$5,339,914,000 (based on the Minimum Offer Price of HK$5.35 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the minimum principal amount of approximately HK$3,000,000,000 of the Loan Facility is drawn down by the Company on the Listing Date). and approximately HK$6,487,689,000 (based on the Maximum Offer Price of HK$5.65 per Offer Share Stapled Unit and taking into account the estimated fees and expenses of the Global Offering and the Loan Facility and the amount to be set aside for the interest reserve under the Loan Facility and assuming the entire principal amount of the Loan Facility is drawn down by the Company on the Listing Date).

(4) The unaudited pro forma adjusted combined net tangible assets per Share Stapled Unit are arrived at after the adjustments referred to in notes 2 and 3 above and on the basis that 2,000,000,000 Share Stapled Units will be in issue following the completion of the Global Offering.

(5) No adjustment has been made to reflect any trading result or other transactions of the Trust Group entered into subsequent to 31 December 2013.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this Prospectus, in respect of the pro forma financial information of the Group.

EY 安永

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

19 June 2014

The Directors
Jinmao (China) Investments Manager Limited
(in its capacity as Trustee-Manager of Jinmao Investments)
Jinmao (China) Investments Holdings Limited (Formerly known as "Wise Pine Limited")

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Jinmao Investments (the "**Trust**"), Jinmao (China) Investments Holdings Limited (the "**Company**"), formerly known as Wise Pine Limited and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of Jinmao (China) Investments Manager Limited (in its capacity as Trustee-Manager of Jinmao Investments) (the "**Trustee-Manager**") and the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma combined net tangible assets as at 31 December 2013 and related notes as set out in Part A of Appendix II to the Prospectus issued by the Trust and the Company (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Part A of Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of share stapled units of the Trust and the Company on the Group's financial position as at 31 December 2013 as if the transaction had taken place at 31 December 2013. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2013, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of share stapled units of the Trust and the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is a summary of the key terms of the Hotel Management Agreements.

1. GRAND HYATT SHANGHAI HOTEL MANAGEMENT AGREEMENT

A. Parties

On 19 November 1994, China Shanghai Foreign Trade Centre Company Limited (subsequently known as China Jin Mao (Group) Company Limited ("**China Jin Mao (Group)**")) and HCL entered into a hotel management agreement (as amended from time to time, the "**Grand Hyatt Shanghai Hotel Management Agreement**") in respect of Grand Hyatt Shanghai.

B. Services

Control of Hotel Operations

Under the Grand Hyatt Shanghai Hotel Management Agreement, HCL is required to operate Grand Hyatt Shanghai under standards comparable to those prevailing in other Grand Hyatt branded hotels. Save as provided in the Grand Hyatt Shanghai Hotel Management Agreement, HCL shall have complete control and discretion in the operation of Grand Hyatt Shanghai.

Leases and Concessions

HCL is required to operate in Grand Hyatt Shanghai all facilities and provide all services and shall not lease or grant concessions in respect of such services or facilities, except that HCL shall lease or grant concessions in respect of commercial space or services of the hotel which are customarily subject to lease or concession in comparable hotels.

The rentals or other payments from such lessees or concessionaires are included in the revenue of the hotel.

C. Term

The initial operating term commenced on the formal opening date of the hotel in August 1999 and expires on 31 December 2019. Under the Grand Hyatt Shanghai Hotel Management Agreement, HCL has the right to extend the operating term upon the mutual agreement with China Jin Mao (Group) and upon terms and conditions agreed upon by both parties.

D. Employees

Under the Grand Hyatt Shanghai Hotel Management Agreement, each employee of Grand Hyatt Shanghai, including the general manager, is the employee of China Jin Mao (Group) and not of HCL.

E. Fees

HCL receives (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit and varies depending on the occupancy rate).

For FY2011, FY2012 and FY2013, we paid HK$10.5 million, HK$10.3 million and HK$9.9 million as basic management fee, respectively, and HK$10.5 million, HK$9.3 million and HK$8.3 million as incentive fees, respectively.

F. Group Services and Benefits

HCL shall provide or shall cause its affiliates to provide for Grand Hyatt Shanghai reservation, convention and business promotion, sales promotion, publicity, public relations, and all other group benefits, services and facilities including institutional advertising programmes to the extent appropriate furnished to other hotels owned or operated by HCL or its affiliates. HCL is entitled to be reimbursed for all costs incurred by it or its affiliates, including salaries of officers or employees, in providing such services.

Grand Hyatt Shanghai is a participant in Hyatt Gold Passport operated by Hyatt Hotels. A charge based on the total eligible charges incurred by Hyatt Gold Passport members and bonus points awarded to Hyatt Gold Passport members is paid into the Hyatt Gold Passport Fund, from which a per-formula payment is paid to participating hotels when guests redeem Hyatt Gold Passport points for stays, food and beverage or spa experiences at the hotel.

G. FF&E

We contribute a fixed percentage of the hotel's annual revenue to the FF&E Reserve. For FY2011, FY2012 and FY2013, we paid HK$15.8 million, HK$15.4 million and HK$14.8 million, respectively, to the FF&E Reserve.

H. Events of Default

The following events constitute events of default under the Grand Hyatt Shanghai Hotel Management Agreement:

- the failure of either party to make any payment to the other provided for in the Grand Hyatt Shanghai Hotel Management Agreement for a period of 30 days after such payment is payable;

- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;

- the consent to an involuntary petition in bankruptcy or the failure to vacate within 60 days from the date of entry thereof of any order approving an involuntary petition by either party;

- the appointment of a receiver for all or any substantial portion of the property of either party;

- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 120 consecutive days;

- the management or control of HCL changing to the effect that it shall cease to be a subsidiary or an affiliate of Hyatt Hotels;
- the voluntary abandonment of Grand Hyatt Shanghai by HCL;
- the failure by China Jin Mao (Group) to build, equip, furnish and decorate the hotel in accordance with certain agreed specifications or to cause defects or deficiencies of which HCL shall notify China Jin Mao (Group) to be cured; and
- the failure by either party to perform, keep or fulfil any of the other material covenants, undertakings, obligations or conditions set forth in the Grand Hyatt Shanghai Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of said failure.

I. Termination

A non-defaulting party may terminate the Grand Hyatt Shanghai Hotel Management Agreement with 30 days' notice upon the occurrence of an event of default, provided that if upon receipt of the notice, the defaulting party shall promptly and with all due diligence cure the default or take action to cure such default with all due diligence (if such default is not susceptible of being cured within the 30-day period), then such notice shall be of no force and effect.

In addition, China Jin Mao (Group) has the right to terminate the Grand Hyatt Shanghai Hotel Management Agreement by giving six months' notice to HCL, if Grand Hyatt Shanghai fails to meet certain performance requirements specified in the Grand Hyatt Shanghai Hotel Management Agreement.

2. THE WESTIN BEIJING CHAOYANG HOTEL MANAGEMENT AGREEMENT

A. Parties

On 7 March 2006, Beijing Modern Asia-Pacific Real Estate Co. Ltd. and WHM entered into a hotel management agreement (as amended from time to time, "**The Westin Beijing Chaoyang Hotel Management Agreement**") in respect of The Westin Beijing Chaoyang. Beijing Modern Asia-Pacific Real Estate Co., Ltd. subsequently novated its rights and obligations under The Westin Beijing Chaoyang Hotel Management Agreement to Beijing Jin Mao Real Estate Company Limited ("**Beijing Jin Mao**") on 20 June 2008.

B. Services

Control of Hotel Operations

Under The Westin Beijing Chaoyang Hotel Management Agreement, WHM is required to operate The Westin Beijing Chaoyang under standards comparable to those prevailing in other Westin branded hotels. Save as provided in The Westin Beijing Chaoyang Hotel Management Agreement, WHM shall have complete control and discretion in the operation of the hotel.

Leases and Concessions

WHM is required to operate in The Westin Beijing Chaoyang all facilities and provide all services and is authorised to lease or grant concessions on behalf of Beijing Jin Mao in respect of such services or facilities (subject to prior approval of Beijing Jin Mao in certain circumstances).

The rentals or other payments received by The Westin Beijing Chaoyang or Beijing Jin Mao under each such lease or concession shall be included in the revenue of the hotel.

C. Term

The initial operating term commenced on 7 March 2006 and expires on 31 December 2023. Under The Westin Beijing Chaoyang Hotel Management Agreement, WHM has the right to extend the operating term for a period of five years or a further period of five years, subject to certain conditions as set forth in The Westin Beijing Chaoyang Hotel Management Agreement.

D. Employees

Under The Westin Beijing Chaoyang Hotel Management Agreement, each employee of The Westin Beijing Chaoyang, except for the general manager and other members of the executive staff as determined by WHM, is the employee of Beijing Jin Mao and not of WHM. The designation of the general manager is subject to the approval of Beijing Jin Mao.

E. Fees

WHM receives (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit, subject to certain adjustments) for operating The Westin Beijing Chaoyang.

For FY2011, FY2012 and FY2013, we paid HK$9.6 million, HK$10.6 million and HK$10.1 million as basic management fee, respectively, and HK$16.0 million, HK$18.7 million and HK$14.3 million as incentive fees, respectively.

F. Centralised Services

WHM is required to or shall cause its affiliates to provide for The Westin Beijing Chaoyang certain mandatory centralised services including reservation services, convention, business and sales promotion services, publicity, public relations, and all other group benefits, services and facilities including institutional advertising programmes furnished to other hotels owned or operated by WHM or its affiliated companies. Beijing Jin Mao also has the right to elect to participate in certain optional centralised services under The Westin Beijing Chaoyang Hotel Management Agreement. WHM is entitled to be reimbursed for all costs incurred by it and its affiliates, including salaries of officers or employees, in providing such services. The amounts charged for the centralised services shall be determined on the same basis as such amounts are determined for substantially all of the other Westin branded hotels.

The Westin Beijing Chaoyang is a participant in the Starwood Preferred Guest programme operated by Starwood. A charge based on the total eligible charges incurred by Starwood Preferred Guest members and bonus points awarded to Starwood Preferred Guest members is paid into a fund, from which a per-formula payment is paid to participating hotels when guests redeem points for hotel stays.

G. Reserve Fund

We contribute a percentage of the hotel's annual revenue to the reserve fund for Routine Capital Improvements. For the purposes of The Westin Beijing Chaoyang Hotel Management Agreement, "**Routine Capital Improvements**" refers to all maintenances, repairs, alterations, improvements, replacements, renewals and additions to The Westin Beijing Chaoyang (including replacements and renewals of FF&E and supplies, exterior and interior painting, resurfacing of walls and floors, resurfacing parking areas and replacing folding walls) which are not depreciated as real property.

We contribute a fixed percentage of the hotel's annual revenue to the FF&E Reserve. For FY2011, FY2012 and FY2013, we paid HK$14.9 million, HK$17.4 million and HK$16.2 million, respectively, to the FF&E Reserve.

H. Events of Default

The following events constitute events of default under The Westin Beijing Chaoyang Hotel Management Agreement:

- the failure of either party to make any payment to the other provided for in The Westin Beijing Chaoyang Hotel Management Agreement for a period of ten days after notice to the defaulting party;

- the failure of Beijing Jin Mao to deposit in the operating account of The Beijing Westin Chaoyang or contribute to the reserve fund as requested by WHM;

- the failure by either party to perform any of the other covenants, duties or obligations set forth in The Westin Beijing Chaoyang Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of the said failure;

- a material breach by either party of any representation or warranty expressly set forth in The Westin Beijing Chaoyang Hotel Management Agreement;

- a transfer by either party in violation of Article 11 of The Westin Beijing Chaoyang Hotel Management Agreement;

- the filing by a party of a petition for relief under applicable bankruptcy, insolvency or similar debtor relief laws by any person against a party which is consented to by such party or the entry of a judgment of insolvency against a party;

- the general assignment by a party for the benefit of its creditors;

- the appointment of a receiver, custodian, trustee or liquidator for all or any substantial portion of the property of either party;
- the action by a party for dissolution of its operations; and
- the issuance of a levy or an attachment against all or any portion of The Westin Beijing Chaoyang resulting from a final judgment against either party for which all appeal periods have expired and which is not fully covered by insurance.

I. Termination

A non-defaulting party may terminate The Westin Beijing Chaoyang Hotel Management Agreement upon the occurrence of an event of default by irrevocable and unconditional written notice to the defaulting party, in which case such agreement shall terminate on either (i) the date specified in such agreement; or (ii) if not specified in such agreement, the date specified by the non-defaulting party in the termination notice which shall in no event be sooner than five days nor later than 30 days, after the delivery of such notice.

WHM has the right to terminate The Westin Beijing Chaoyang Hotel Management Agreement with at least three months' notice if Beijing Jin Mao fails to provide funds or interferes with the operation of The Westin Beijing Chaoyang. In addition, WHM has the right to terminate with 30 days' written notice if (i) any material approval required for WHM's performance under The Westin Beijing Chaoyang Hotel Management Agreement is not issued or is suspended for a period of over 60 days; (ii) the operation of the hotel could subject WHM or its affiliates to the loss of any gaming licenses; or (iii) the operation of the hotel could cause WHM or its affiliates to be in violation of any anti-terrorism laws.

Beijing Jin Mao has the right to terminate The Westin Beijing Chaoyang Hotel Management Agreement by giving 60 days' notice to WHM, if The Westin Beijing Chaoyang fails to meet certain performance requirements specified in The Westin Beijing Chaoyang Hotel Management Agreement.

3. JW MARRIOTT HOTEL SHENZHEN HOTEL MANAGEMENT AGREEMENT

A. Parties

On 11 March 2009, Jin Mao Shenzhen Hotel Investment Company Limited ("**Jin Mao Shenzhen**") and SGHM (formerly known as Marriott Management (Shanghai) Co., Ltd.) entered into a hotel management agreement in respect of JW Marriott Hotel Shenzhen (the "**JW Marriott Hotel Shenzhen Hotel Management Agreement**").

B. Services

Control of Hotel Operations

Under the JW Marriott Hotel Shenzhen Hotel Management Agreement, SGHM is required to operate JW Marriott Hotel Shenzhen under standards comparable to those prevailing in other JW Marriott branded hotels. Save as provided in the JW Marriott Hotel Shenzhen Hotel Management Agreement, SGHM shall have complete control and discretion in the operation of JW Marriott Hotel Shenzhen.

Leases and Concessions

SGHM shall have control and discretion in the granting of leases, subleases, licenses and concessions for shops and businesses within JW Marriott Hotel Shenzhen, provided that Jin Mao Shenzhen shall be informed of any such major lease or sublease and that the term of any such lease, sublease, license or concession shall not exceed the operating term of the JW Marriott Hotel Shenzhen Hotel Management Agreement.

The rentals or other payments received by JW Marriott Hotel Shenzhen or Jin Mao Shenzhen under each such lease or concession are included in the revenue of the hotel.

C. Term

The initial operating period commenced on 11 March 2009 and expires on 31 December 2039. After the expiration of the initial operating term, the operating term will be automatically extended for a period of 10 years, unless either party gives written notice to the other party otherwise.

D. Employees

Under the JW Marriott Hotel Shenzhen Hotel Management Agreement, each employee of JW Marriott Hotel Shenzhen is the employee of Jin Mao Shenzhen and not of SGHM, except for particular employees elected otherwise by SGHM. The designation of the general manager is subject to the approval of Jin Mao Shenzhen.

E. Fees

SGHM and its affiliates receives (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit).

For FY2011, FY2012 and FY2013, we paid HK$5.2 million, HK$5.4 million and HK$5.8 million as basic management fees, respectively, and HK$3.1 million, HK$3.6 million and HK$4.0 million as incentive fees, respectively.

F. Group Services and Benefits

SGHM is required to or shall cause its affiliates to provide for JW Marriott Hotel Shenzhen property management services, convention, business and sales promotion services, publicity, public relations, and all other group benefits, services and facilities including institutional advertising programmes, as well as reservation services. SGHM is entitled to be reimbursed for the JW Marriott Hotel Shenzhen's share of all costs incurred by it or its affiliates, including salaries of officers or employees, in providing such services.

JW Marriott Hotel Shenzhen is a participant in the Marriott Rewards programme operated by Marriott International. A charge based on the rewards revenue is charged to the hotel for points and miles issued to members for their hotel stays, with newly enrolled stays being charged less. The charges are paid into a fund from which a per-formula payment is paid to participating hotels when guests redeem points for stays at the hotel.

G. FF&E

We contribute a percentage of the hotel's annual revenue to the FF&E Reserve. For FY2011, FY2012 and FY2013, we paid HK$6.0 million, HK$6.4 million and HK$7.0 million, respectively, to the FF&E Reserve.

H. Events of Default

The following events constitute events of default under the JW Marriott Hotel Shenzhen Hotel Management Agreement:

- the failure of either party to make any payment to the other provided for in the JW Marriott Hotel Shenzhen Hotel Management Agreement for a period of 10 days after receipt of written notice from the non-defaulting party;
- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;
- the consent to an involuntary petition in bankruptcy or the failure to vacate, within 90 days from the date of entry thereof, any order approving an involuntary petition by either party;
- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee, judicial manager or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree continuing unstayed and in effect for an aggregate of 60 days (whether or not consecutive);
- the failure by either party to perform, keep or fulfil any of the other covenants, undertakings, obligations or conditions set forth in the JW Marriott Hotel Shenzhen Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of the said failure; and
- the occurrence of an event of default under the ancillary international services agreement or any subordination agreement in connection with any mortgage encumbering the hotel.

I. Termination

A non-defaulting party may terminate the JW Marriott Hotel Shenzhen Hotel Management Agreement with 30 days' notice upon the occurrence of an event of default, provided that the event of default has a material adverse impact on the non-defaulting party.

In addition, Jin Mao Shenzhen has the right to terminate the JW Marriott Hotel Shenzhen Hotel Management Agreement by giving six months' notice to SGHM, if the JW Marriott Hotel Shenzhen fails to meet certain performance requirements specified in the JW Marriott Hotel Shenzhen Hotel Management Agreement.

4. THE RITZ-CARLTON SANYA HOTEL MANAGEMENT AGREEMENT

A. Parties

On 26 March 2006, Jin Mao Sanya Tourism Company Limited ("**Jin Mao Sanya Tourism**") and RCIMC entered into a hotel management agreement (as amended from time to time, "**The Ritz-Carlton Sanya Hotel Management Agreement**") in respect of The Ritz-Carlton, Sanya.

B. Services

Control of Hotel Operations

Under The Ritz-Carlton Sanya Hotel Management Agreement, RCIMC is required to operate The Ritz-Carlton, Sanya under standards comparable to those prevailing in other Ritz-Carlton branded hotels. Save as provided in The Ritz-Carlton Sanya Hotel Management Agreement, RCIMC shall have complete control and discretion in the operation of the hotel.

Leases and Concessions

RCIMC is required to operate in The Ritz-Carlton Sanya all facilities and provide all services and shall not, without the approval of Jin Mao Sanya Tourism, enter into any lease, license or concession agreement for a store, office space, tenant space or lobby space at The Ritz-Carlton, Sanya unless such lease, license or concession agreement is below certain agreed thresholds.

The rentals or other payments received by The Ritz-Carlton, Sanya or Jin Mao Sanya Tourism under each such lease or concession shall be included in the revenue of the hotel.

C. Term

The initial operating term commenced on 31 October 2008 and expires on 31 December 2038. Upon the expiration of the initial operating term, the operating term will be automatically extended for a period of ten full fiscal years, unless either party gives written notice to the other party otherwise.

D. Employees

Under The Ritz-Carlton Sanya Hotel Management Agreement, the general manager and any other members of the executive committee of The Ritz-Carlton, Sanya may be employed by RCIMC or its affiliates, if RCIMC so elects. All other hotel employees shall be employees of Jin Mao Sanya Tourism. The designation of the general manager is subject to the approval of Jin Mao Sanya Tourism.

E. Fees

RCIMC receives (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit).

For FY2011, FY2012 and FY2013, we paid HK$14.8 million, HK$13.2 million and HK$13.6 million as basic management fees, respectively, and HK$18.4 million, HK$15.7 million and HK$15.5 million as incentive fees, respectively.

F. Group Services and Benefits

RCIMC is required or shall provide or shall cause its affiliates to provide for The Ritz-Carlton, Sanya property management services, convention, business and sales promotion services, publicity, public relations, and all other group benefits, services and facilities including institutional advertising programmes, as well as reservation services. RCIMC is entitled to be reimbursed for The Ritz-Carlton, Sanya's share of all costs incurred by it or its affiliates, including salaries of officers or employees, in providing such services.

The Ritz-Carlton, Sanya is a participant in The Ritz-Carlton Rewards programme operated by Marriott International. A charge based on the rewards revenue is charged to the hotel for points and miles issued to members for their hotel stays, with newly enrolled stays being charged less. The charges are paid into a fund from which a per-formula payment is paid to participating hotels when guests redeem points for stays at the hotel.

G. FF&E

We contribute a percentage of the hotel's annual revenue to the FF&E Reserve. For FY2011, FY2012 and FY2013, we paid HK$17.8 million, HK$15.9 million and HK$19.4 million, respectively, to the FF&E Reserve.

H. Events of Default

The following shall constitute events of default under The Ritz-Carlton Sanya Hotel Management Agreement:

- the failure of either party to make any payment to the other provided for in The Ritz-Carlton Sanya Hotel Management Agreement for a period of 10 days after receipt of written notice from the non-defaulting party;
- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;
- the consent to an involuntary petition in bankruptcy or the failure to vacate, within 60 days from the date of entry thereof, any order approving an involuntary petition by either party;
- the appointment of a receiver for all or any substantial portion of the property of either party;
- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee, judicial manager or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree continuing unstayed and in effect for an aggregate of 60 days (whether or not consecutive);

- the failure of Jin Mao Sanya Tourism to provide adequate operating funds in accordance with The Ritz-Carlton Sanya Hotel Management Agreement;
- the failure by either party to perform, keep or fulfil any of the other covenants, undertakings, obligations or conditions set forth in The Ritz-Carlton Sanya Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of the said failure; and
- the occurrence of an event of default under the ancillary services agreement.

I. Termination

A non-defaulting party may terminate The Ritz-Carlton Sanya Hotel Management Agreement with written notice upon the occurrence of any event of default prior to the cure of such event of default.

In addition, Jin Mao Sanya Tourism has the right to terminate The Ritz-Carlton Sanya Hotel Management Agreement by giving 180 days' notice to RCIMC, if The Ritz-Carlton, Sanya fails to meet certain performance requirements specified in The Ritz-Carlton Sanya Hotel Management Agreement.

5. HILTON SANYA HOTEL MANAGEMENT AGREEMENT

A. Parties

On 11 February 2004, Jin Mao Sanya Resort Hotel Company Limited ("**Jin Mao Sanya Resort Hotel**") and HIC entered into a hotel management agreement (the "**Hilton Sanya Hotel Management Agreement**") in respect of Hilton Sanya Resort and Spa. On 17 January 2008, HIC assigned its rights and obligations under the Hilton Sanya Hotel Management Agreement to Hilton International Manage LLC, which subsequently assigned its rights and obligations to HHMS on 7 May 2009.

B. Services

Control of Hotel Operations

Under the Hilton Sanya Hotel Management Agreement, HHMS is required to operate Hilton Sanya Resort and Spa under standards comparable to those prevailing in other hotels under the "Hilton" brand. Save as provided in the Hilton Sanya Hotel Management Agreement, HHMS shall have complete control and discretion in the operation of Hilton Sanya Resort and Spa.

Leases and Concessions

HHMS is required to operate in Hilton Sanya Resort and Spa all facilities and provide all services and shall have the right to lease or grant concessions in respect of commercial space or services of the hotel, subject to approval by Jin Mao Sanya Resort Hotel prior to leasing space or granting concessions space for certain facilities in the hotel.

The rentals or other payments received by HHMS or Jin Mao Sanya Resort Hotel under each such lease or concession shall be included in the revenue of the hotel.

C. Term

The initial operating period commenced on the formal opening date of the Hilton Sanya Resort and Spa on 1 April 2006 and expires on 31 December 2021. Under the Hilton Sanya Hotel Management Agreement, the parties have the right to extend the operating term for two successive periods of ten years each.

D. Employees

Under the Hilton Sanya Hotel Management Agreement, each employee of Hilton Sanya Resort and Spa, including the general manager, is the employee of Jin Mao Sanya Resort Hotel and not of HHMS. The designation of the general manager is subject to the approval of Jin Mao Sanya Resort Hotel.

E. Fees

HHMS receives (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's profit).

For FY2011, FY2012 and FY2013, we paid HK$5.6 million, HK$4.7 million and HK$4.8 million as basic management fee, respectively, and HK$16.0 million, HK$12.9 million and HK$10.5 million as incentive fees, respectively.

F. Group Services and Benefits and Hotel Specific Services

HHMS is required to or shall cause its affiliates to provide for Hilton Sanya Resort and Spa certain group services and benefits including central marketing, central sales and business systems development to the extent appropriate. In each financial year, HHMS shall be entitled to charge and receive from the operation of the hotel a certain percentage of the hotel's revenue for the rendition of such group services and benefits.

In addition, HHMS is required to or shall cause its affiliates to provide for Hilton Sanya Resort and Spa certain other hotel specific services, including marketing, sales and business systems. In each financial year, HHMS shall be entitled to charge and receive from the operation of the hotel its costs in providing such hotel specific services based upon a certain agreed charging mechanism.

Hilton Sanya Resort and Spa is a participant in the Hilton HHonors programme operated by Hilton Worldwide. A fixed fee per stay for each Hilton HHonors guest is charged by Hilton Worldwide to the hotel.

G. FF&E

We contribute a fixed percentage of the hotel's annual revenue to the FF&E Reserve. For FY2011, FY2012 and FY2013, we paid HK$11.4 million, HK$9.4 million and HK$9.6 million, respectively, to the FF&E Reserve.

H. Events of Default

The following events constitute events of default under the Hilton Sanya Hotel Management Agreement:

- the failure of HHMS to make the required payment to Jin Mao Sanya Resort Hotel, for a period of 30 days after such payment is payable;

- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party and the consent to an involuntary petition of the same;

- the appointment of a receiver for all or any substantial portion of the property of either party;

- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree continuing unstayed and in effect for any period of 120 consecutive days;

- the occurrence of any events or existence of any facts with respect to Hilton Sanya Resort and Spa or ownership thereof which would jeopardise certain operating licences of Hilton Worldwide or any subsidiary or affiliate; and

- the failure by either party to perform the contractual obligations as set forth in the Hilton Sanya Hotel Management Agreement, and the continuance of any such default for a period of 30 days after written notice of said failure.

I. Termination

A non-defaulting party may terminate the Hilton Sanya Hotel Management Agreement with 30 days' notice upon the occurrence of an event of default, provided that if upon receipt of the notice, the defaulting party shall promptly and with all due diligence cure the default or take action to cure such default with all due diligence (if such default is not susceptible of being cured within the 30-day period), then such notice shall be of no force and effect.

In addition, Jin Mao Sanya Resort Hotel has the right to terminate the Hilton Sanya Hotel Management Agreement by giving 12 months' notice to HHMS, if Hilton Sanya Resort and Spa fails to meet certain performance requirements specified in the Hilton Sanya Hotel Management Agreement.

6. RENAISSANCE BEIJING WANGFUJING HOTEL MANAGEMENT AGREEMENT

A. Parties

On 25 June 2013, Wangfujing Hotel Management Company Limited ("**Wangfujing Hotel Management**") and LHCIM entered into a hotel management agreement (as amended from time to time, the "**Renaissance Beijing Wangfujing Hotel Management Agreement**") in respect of Renaissance Beijing Wangfujing Hotel.

B. Services

Control of Hotel Operations

Under the Renaissance Beijing Wangfujing Hotel Management Agreement, LHCIM is required to operate Renaissance Beijing Wangfujing Hotel under standards comparable to those prevailing in other Renaissance branded hotels. Save as provided in the Renaissance Beijing Wangfujing Hotel Management Agreement, LHCIM shall have complete control and discretion in the operation of Renaissance Beijing Wangfujing Hotel.

Leases and Concessions

LHCIM is required to operate in Renaissance Beijing Wangfujing Hotel all facilities and provide all services and shall not lease or grant concessions in respect of such services or facilities, except that LHCIM has the right in its own name or, if appropriate, in the name of Wangfujing Hotel Management, to lease or grant concessions in respect of commercial space or services of the hotel which are customarily subject to lease or concession in comparable hotels.

The rentals or other payments received by Renaissance Beijing Wangfujing Hotel or Wangfujing Hotel Management under each such lease or concession shall be included in the HMA Revenue (as defined below) of the hotel.

C. Term

The initial operating term commenced on 25 June 2013 and expires on 31 December 2039, based on the assumption that Renaissance Beijing Wangfujing Hotel will commence operations by the end of 2014. Upon expiry of the initial operating term, the Renaissance Beijing Wangfujing Hotel Management Agreement will be automatically renewed for a period of five years, unless either Wangfujing Hotel Management or LHCIM notifies the other party of its election not to renew at least one year before the end of the initial operating term.

D. Employees

Under the Renaissance Beijing Wangfujing Hotel Management Agreement, save for certain employees who may be employed by LHCIM or its affiliates in LHCIM's discretion, each employee of Renaissance Beijing Wangfujing Hotel, including the general manager, is the employee of Wangfujing Hotel Management and not of LHCIM. The designation of the general manager is subject to the approval of Wangfujing Hotel Management.

E. Fees

LHCIM and its affiliates will receive (i) a basic management fee (which is calculated as a percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit).

As the Renaissance Beijing Wangfujing Hotel has not commenced operations, we have not paid any management fee in respect of Renaissance Beijing Wangfujing Hotel to LHCIM.

F. Group Services and Benefits

LHCIM is required or shall cause its affiliates to provide for Renaissance Beijing Wangfujing Hotel hotel reservation, convention and business promotion, sales promotion, publicity, public relations, and all other group benefits, services and facilities including institutional marketing programmes to the extent appropriate furnished to other hotels owned or operated by LHCIM or its affiliated companies. LHCIM is entitled to be reimbursed for all costs incurred by it, including salaries of officers or employees, in providing such services.

Renaissance Beijing Wangfujing Hotel is a participant in the Marriott Rewards and The Ritz-Carlton Rewards programmes operated by Marriott International. A charged based on the rewards revenue is charged to the hotel for points and miles issued to members for their hotel stays, with newly enrolled stays being charged less. The charges are paid into a fund from which a per-formula payment is paid to participating hotels when guests redeem points for stays at the hotel.

G. FF&E

Under the Renaissance Beijing Wangfujing Hotel Management Agreement, an amount equal to a certain percentage of the hotel's annual revenue will be credited to the FF&E Reserve. As Renaissance Beijing Wangfujing Hotel has not commenced operations, we have not made any contribution to the FF&E Reserve.

H. Events of Default

The following events constitute events of default under the Renaissance Beijing Wangfujing Hotel Management Agreement:

- the failure of either party to make any payment to the other provided for in the Renaissance Beijing Wangfujing Hotel Management Agreement for a period of 30 days after such payment is payable;

- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;

- the consent to an involuntary petition in bankruptcy or the failure to vacate within 90 days from the date of entry thereof of any order approving an involuntary petition by either party;

- the failure of either party to pay its debts as they become due;

- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or appointing a receiver, trustee, or liquidator of all or a substantial part of such party's assets, and such appointment is not dismissed within 60 days from the date of appointment;

- the non-compliance of any sale, assignment or transfer or other disposition of Wangfujing Hotel Management's interest in Renaissance Beijing Wangfujing Hotel with the provisions set forth in the Renaissance Beijing Wangfujing Hotel Management Agreement;

- Wangfujing Hotel Management, any of its affiliates or any entity which controls Wangfujing Hotel Management or any of its affiliates is or becomes a person identified by any government or legal authority as a person with whom LHCIM or its affiliates are prohibited from transacting business;

- the occurrence of any event of default in any of the ancillary agreements;

- the failure by Wangfujing Hotel Management to meet certain agreed re-construction milestones set forth in the Renaissance Beijing Wangfujing Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of the said failure; and

- the failure by either party to perform, keep or fulfil any of the other covenants, undertakings, obligations or conditions set forth in the Renaissance Beijing Wangfujing Hotel Management Agreement, and the continuance of any such default for a period of 30 days after notice of the said failure.

I. Termination

A non-defaulting party may terminate the Renaissance Beijing Wangfujing Hotel Management Agreement with three months' notice upon the occurrence of an event of default.

In addition, Wangfujing Hotel Management has the right to terminate the Renaissance Beijing Wangfujing Hotel Management Agreement by giving 90 days' notice to LHCIM, if the Renaissance Beijing Wangfujing Hotel fails to meet certain performance requirements specified in the Renaissance Beijing Wangfujing Hotel Management Agreement.

7. GRAND HYATT LIJIANG HOTEL MANAGEMENT AGREEMENT

A. Parties

On 31 March 2011, Jin Mao (Li Jiang) Hotel Investment Company Limited ("**Jin Mao (Li Jiang)**") and HIHMB entered into a hotel management agreement (as amended from time to time, the "**Grand Hyatt Lijiang Hotel Management Agreement**"). Jin Mao (Li Jiang) and HCL entered into a strategic oversight and consultation agreement (as amended from time to time, the "**Grand Hyatt Lijiang Strategic Agreement**") in respect of Grand Hyatt Lijiang on the same day.

B. Services

Control of Hotel Operations

Under the Grand Hyatt Lijiang Hotel Management Agreement, HIHMB is required to operate Grand Hyatt Lijiang under standards comparable to those generally prevailing in other Grand Hyatt branded hotels. Save as provided in the Grand Hyatt Lijiang Hotel Management Agreement, HIHMB shall have complete control over and discretion in the operation of Grand Hyatt Lijiang. Save as provided in the Grand Hyatt Lijiang Strategic Agreement, HCL shall have control and discretion in formulating, establishing, coordinating, and assisting with the overall general and strategic plan with regard to the management and operation of Grand Hyatt Lijiang.

Leases and Concessions

HIHMB is required to operate in Grand Hyatt Lijiang all facilities and provide all services and shall not lease or grant concessions in respect of such services or facilities, except that HIHMB has the right in the name of Grand Hyatt Lijiang or, if appropriate, in the name of Jin Mao (Li Jiang) (subject to prior approval of Jin Mao (Li Jiang)), to lease or grant concessions in respect of commercial space or services of the hotel which are customarily subject to lease or concession.

The rentals or other payments from such lessees or concessionaires are included in the revenue of the hotel.

C. Term

The initial operating term of the Grand Hyatt Lijiang Hotel Management Agreement and the Grand Hyatt Lijiang Strategic Agreement commences on the formal opening date of the hotel (which is to be determined) and expires on 31 December of the twentieth full calendar year following the formal opening. Under both agreements, the parties have the right to extend the operating term for two successive periods of five years by giving notice to the other party.

D. Employees

Under the Grand Hyatt Lijiang Hotel Management Agreement, each employee of Grand Hyatt Lijiang, including the general manager, is the employee of Jin Mao (Li Jiang) and not of HIHMB or HCL. Every person performing services in connection with the Grand Hyatt Lijiang Hotel Management Agreement, including any agent or employee of HIHMB or HCL or any of their affiliates or any agent or employee of Jin Mao (Li Jiang) hired by HIHMB or HCL, is acting as the agent of Jin Mao (Li Jiang). The designation of the general manager is subject to the approval of Jin Mao (Li Jiang).

Under the Grand Hyatt Lijiang Strategic Agreement, HCL shall in consultation with Jin Mao (Li Jiang) identify, recruit and appoint all non-local employees of the hotel.

E. Fees

Under the Grand Hyatt Lijiang Hotel Management Agreement, HIHMB receives a fixed percentage of the hotel's annual revenue as a management fee. Under the Grand Hyatt Lijiang Strategic Agreement, HCL receives (i) a base fee (which is calculated as a fixed percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit).

As Grand Hyatt Lijiang has not commenced operations, we have not paid any fees under the Grand Hyatt Lijiang Hotel Management Agreement and the Grand Hyatt Lijiang Strategic Agreement.

F. Group services and benefits

Under the Grand Hyatt Lijiang Hotel Management Agreement, HIHMB is required to or shall cause its affiliates to provide for Grand Hyatt Lijiang certain services on a centralised platform for finance, accounting, human resources, information technology and other operating systems, which are made available to other Grand Hyatt branded hotels by HIHMB or its affiliates. HIHMB is entitled to be reimbursed for all costs incurred by it or its affiliates, including salaries of officers or employees, in providing such services.

Grand Hyatt Lijiang is a participant in the Hyatt Gold Passport programme operated by Hyatt Hotels. A charge based on the total eligible charges incurred by Hyatt Gold Passport members and bonus points awarded to Hyatt Gold Passport members is paid into the Hyatt Gold Passport fund, from which a per-formula payment is paid to participating hotels when guests redeem Hyatt Gold Passport points for stays, food and beverage or spa experiences at the hotel.

G. FF&E

Under the Grand Hyatt Lijiang Hotel Management Agreement, an amount equal to a certain percentage of the hotel's annual revenue will be credited to the FF&E Reserve. As Grand Hyatt Lijiang has not commenced operations, we have not made any contribution to the FF&E Reserve.

H. Events of Default

The following events shall constitute events of default under the Grand Hyatt Lijiang Hotel Management Agreement and the Grand Hyatt Lijiang Strategic Agreement:

- the failure of either party to make any payment to the other provided for in the relevant agreement for a period of 30 days after such payment is payable;

- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;

- the consent to an involuntary petition in bankruptcy or the failure to vacate within 60 days from the date of entry thereof of any order approving an involuntary petition by either party;

- the appointment of a receiver for all or any substantial portion of the property of either party;

- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 120 consecutive days;

- the failure by Jin Mao (Li Jiang) to build, equip, furnish and decorate the hotel in accordance with certain agreed specifications or to cause defects or deficiencies of which HIHMB or HCL shall notify Jin Mao (Li Jiang) to be cured; and

- the failure by either party to perform, keep or fulfil any of the other material covenants, undertakings, obligations or conditions set forth in the Grand Hyatt Lijiang Hotel Management Agreement, the Grand Hyatt Lijiang Strategic Agreement and other ancillary agreements, and the continuance of any such default for a period of 30 days after notice of said failure.

I. Termination

Under the Grand Hyatt Lijiang Hotel Management Agreement and the Grand Hyatt Lijiang Strategic Agreement, a non-defaulting party may terminate the relevant agreement with 15 days' notice upon the occurrence of an event of default, provided that if upon receipt of the notice, the defaulting party shall promptly and with all due diligence cure the default or take action to cure such default with all due diligence (if such default is not susceptible of being cured within the 15-day period), then such notice shall be of no force and effect.

8. HYATT REGENCY CHONGMING HOTEL MANAGEMENT AGREEMENT

A. Parties

On 4 May 2011, Jin Mao (Shanghai) Real Estate Company Limited ("**Jin Mao (Shanghai) Real Estate**") and HIHMB entered into a hotel management agreement (as amended from time to time, the "**Hyatt Regency Chongming Hotel Management Agreement**"). Jin Mao (Shanghai) Real Estate and HCL entered into a strategic oversight and consultation agreement (as amended from time to time, the "**Hyatt Regency Chongming Strategic Agreement**") in respect of Hyatt Regency Chongming on the same day.

B. Services

Control of Hotel Operations

Under the Hyatt Regency Chongming Hotel Management Agreement, HIHMB is required to operate Hyatt Regency Chongming under standards comparable to those prevailing in other Hyatt Regency branded hotels. Save as provided in the Hyatt Regency Chongming Hotel Management Agreement, HIHMB shall have complete control and discretion in the operation of Hyatt Regency Chongming. Save as provided in the Hyatt Regency Chongming Strategic Agreement, HCL shall have control and discretion in formulating, establishing, coordinating, and assisting with the overall general and strategic plan with regard to the management and operation of Hyatt Regency Chongming.

Leases and Concessions

HIHMB is required to operate in Hyatt Regency Chongming all facilities and provide all services and shall not lease or grant concessions in respect of such services or facilities, except that HIHMB has the right in its own name or, if appropriate, in the name of Jin Mao (Shanghai) (subject to prior approval of Jin Mao (Shanghai)), to lease or grant concessions in respect of commercial space or services of the hotel which are customarily subject to lease or concession.

The rentals or other payments from such lessees or concessionaires are included in the revenue of the hotel.

C. Term

The initial operating term of the Hyatt Regency Chongming Hotel Management Agreement and the Hyatt Regency Chongming Strategic Agreement commences on the formal opening date (which is 29 March 2014) and expires on 31 December of the twentieth year following the formal opening. Under both agreements, the parties have the right to extend the operating term for two successive periods of five years each upon mutual agreement and upon terms and conditions agreed upon by both parties.

D. Employees

Under the Hyatt Regency Chongming Hotel Management Agreement, each employee of Hyatt Regency Chongming, including the general manager, is the employee of Jin Mao (Shanghai) Real Estate and not of HIHMB or HCL. Every person performing services in connection with the Hyatt Regency Chongming Hotel Management Agreement, including any agent or employee of HIHMB or HCL or any of their affiliates or any agent or employee of Jin Mao (Shanghai) Real Estate hired by HIHMB or HCL, is acting as the agent of Jin Mao (Shanghai) Real Estate. The designation of the general manager is subject to the approval of Jin Mao (Shanghai) Real Estate.

Under the Hyatt Regency Chongming Strategic Agreement, HCL shall in consultation with Jin Mao (Shanghai) Real Estate identify, recruit and appoint all non-local employees of the hotel.

E. Fees

Under the Hyatt Regency Chongming Hotel Management Agreement, HIHMB receives a fixed percentage of the hotel's annual revenue as a management fee. Under the Hyatt Regency Chongming Strategic Agreement, HCL receives (i) a base fee (which is calculated as a fixed percentage of the hotel's annual revenue) and (ii) an incentive fee (which is calculated as a percentage of the hotel's gross operating profit).

As Hyatt Regency Chongming has not commenced operations during the Track Record Period, we have not paid any fees under the Hyatt Regency Chongming Hotel Management Agreement and the Hyatt Regency Chongming Strategic Agreement in FY2011, FY2012 and FY2013.

F. Group Services and Benefits

Under the Hyatt Regency Chongming Hotel Management Agreement, HIHMB is required to or shall cause its affiliates to provide for Hyatt Regency Chongming certain services on a centralised platform for finance, accounting, human resources, information technology and other operating systems, which are made available to other Hyatt Regency branded hotels by HIHMB or its affiliates. HIHMB is entitled to be reimbursed for all costs incurred by it or its affiliates, including salaries of officers or employees, in providing such services.

Hyatt Regency Chongming is a participant in the Hyatt Gold Passport programme operated by Hyatt Hotels. A charge based on the total eligible charges incurred by Hyatt Gold Passport members and bonus points awarded to Hyatt Gold Passport members is paid into the Hyatt Gold Passport fund, from which a per-formula payment is paid to participating hotels when guests redeem Hyatt Gold Passport points for stays, food and beverage or spa experiences at the hotel.

G. FF&E

Under the Hyatt Regency Chongming Hotel Management Agreement, an amount equal to a certain percentage of the hotel's annual revenue is credited to the FF&E Reserve. As Hyatt Regency Chongming has not commenced operations during the Track Record Period, we have not made any contribution to the FF&E Reserve in FY2011, FY2012 and FY2013.

H. Events of Default

The following events shall constitute events of default under the Hyatt Regency Chongming Hotel Management Agreement and the Hyatt Regency Chongming Strategic Agreement:

- the failure of either party to make any payment to the other provided for in the relevant agreement for a period of 30 days after such payment is payable;
- the filing of a voluntary petition in bankruptcy or insolvency or a petition for reorganisation under any bankruptcy law by either party;
- the consent to an involuntary petition in bankruptcy or the failure to vacate within 60 days from the date of entry thereof of any order approving an involuntary petition by either party;
- the appointment of a receiver for all or any substantial portion of the property of either party;

- the entering of an order, judgment or decree by any court of competent jurisdiction, on the application of a creditor, adjudicating either party as bankrupt or insolvent or approving a petition seeking reorganisation or appointing a receiver, trustee or liquidator of all or a substantial part of such party's assets, and such order, judgment or decree shall continue unstayed and in effect for any period of 120 consecutive days;

- the failure by Jin Mao (Shanghai) Real Estate to build, equip, furnish and decorate the hotel in accordance with certain agreed specifications or to cause defects or deficiencies of which HIHMB or HCL shall notify Jin Mao (Shanghai) Real Estate to be cured; and

- the failure by either party to perform, keep or fulfil any of the other material covenants, undertakings, obligations or conditions set forth in the Hyatt Regency Chongming Hotel Management Agreement, the Hyatt Regency Chongming Strategic Agreement and other ancillary agreements, and the continuance of any such default for a period of 30 days after notice of said failure.

I. Termination

Under the Hyatt Regency Chongming Hotel Management Agreement and the Hyatt Regency Chongming Strategic Agreement, a non-defaulting party may terminate the relevant agreement with 15 days' notice upon the occurrence of an event of default, provided that if upon receipt of the notice, the defaulting party shall promptly and with all due diligence cure the default or take action to cure such default with all due diligence (if such default is not susceptible of being cured within the 15-day period), then such notice shall be of no force and effect.

The following is the text of a letter, summary of valuations and valuation certificates prepared for the purpose of incorporation in this prospectus received from DTZ Debenham Tie Leung Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 31 March 2014.

DTZ 戴德梁行 a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

19 June 2014

The Directors
Jinmao (China) Investments Holdings Limited and
Jinmao (China) Investments Manager Limited
(in its capacity as trustee-manager of Jinmao Investments)
Rooms 4702-03, 47th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

Dear Sirs,

1. Instructions, Purpose & Date of Valuation

In accordance with your instructions for us to value the property interests of Jinmao Investments and Jinmao (China) Investments Holdings Limited (referred to as the "Company") and its subsidiaries (together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such property interests as at 31 March 2014 and incorporation in the *Prospectus*.

2. Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition issued by the Hong Kong Institute of Surveyors is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

3. Valuation Basis and Assumptions

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and The HKIS Valuation Standards 2012 Edition published by the Hong Kong Institute of Surveyors.

Our valuations exclude any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In the course of our valuation of the properties in the PRC, we have relied on the information and advice given by the Group and its legal adviser, Tian Yuan Law Firm (北京市天元律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. In valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted.

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

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale.

4. Method of Valuation

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

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

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

In the course of our valuation, apart from our own analysis of the relevant hotel markets, we have also made reference to the projected cash flow and budget prepared by the Company and the market report as set out in Appendix V of the Prospectus.

Details of the key assumptions of our DCF valuations are set out in the valuation certificate of each property in Group III contained herein.

In valuing the properties in Group IV, which are hotels under development in the PRC, we have valued on the basis that each of these properties will be developed and completed in accordance with the Group's latest development proposals provided to us (if any). We have assumed that all consents, approvals and licenses from the relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our opinion of value, we have adopted DCF Approach to assess the completed value and have also taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development.

Properties in Group V, which are leased by the Group in the PRC, are considered to have no commercial value due mainly to the prohibition against assignment and subletting or otherwise to the lack of substantial profit rents.

5. Sources of Information

We have been provided by the Group with extracts of documents in relation to the titles to the properties. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us.

In the course of our valuation, we have relied to a considerable extent on the information given to us by the Group and its legal adviser, Tian Yuan Law Firm (北京市天元律師事務所) regarding the title to each of the properties and the interests of the Group in the properties. In respect of the properties in the PRC, we have accepted advice given by the Group on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, completion date of buildings, number of rooms and car parking spaces, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

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

6. Title Investigation

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

7. Site Inspection

We have inspected the exterior and, whenever possible, the interior of the properties in 2013. However, we have not carried out any investigations on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out with respect to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the area shown on the documents handed to us are correct.

8. Currency and Exchange Rates

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

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

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Director

Note: Mr. Andrew K. F. Chan was elected as a professional member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors in 1991 and 1992 respectively. Mr. Chan is a Registered Professional Surveyor (General Practice Division) with over 26 years' of experience in various fields of the property industry in the PRC. He has been providing advice relating to property valuation, development consultancy and land administration matters in the PRC and has participated in assignments in relation to property market research.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 31 March 2014 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 31 March 2014 *(RMB)*
Group I - Properties held by the Group for occupation or operation in the PRC				
1.	A staff dormitory building located at Yingbin Road, Hedong District, Sanya, Hainan Province, the PRC 中國海南省三亞市河東區迎賓路一棟宿舍樓	75,000,000	100	75,000,000
2.	A staff dormitory building located at Jiefang Road, Hexi District, Sanya, Hainan Province, the PRC 中國海南省三亞市河西區解放路一棟宿舍樓	59,000,000	100	59,000,000
3.	Level 8 of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大廈第8層	135,000,000	100	135,000,000
4.	The observation deck on Level 88 of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大廈第88層觀光廳	137,000,000	100	137,000,000
	Sub-total of Group I :	406,000,000		406,000,000

	Property	Market value in existing state as at 31 March 2014 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 March 2014 (RMB)
Group II - Property held by the Group for investment in the PRC				
5.	The commercial and office portions of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大廈商場及辦公樓部分	7,694,000,000	100	7,694,000,000
	Sub-total of Group II :	7,694,000,000		7,694,000,000
Group III - Properties held by the Group for operation in the PRC				
6.	Grand Hyatt Shanghai, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號上海金茂君悅大酒店	3,129,000,000	100	3,129,000,000
7.	The Westin Beijing Chaoyang, No. 7 Dongsanhuan North Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區東三環北路7號金茂北京威斯汀大飯店	2,699,000,000	100	2,699,000,000
8.	JW Marriott Hotel Shenzhen, No. 6005 Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, the PRC 中國廣東省深圳市福田區深南大道6005號金茂深圳JW萬豪酒店	1,979,000,000	100	1,979,000,000

	Property	Market value in existing state as at 31 March 2014 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at 31 March 2014 (RMB)
9.	The Ritz-Carlton, Sanya, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國海南省三亞市亞龍灣國家旅遊度假區金茂三亞麗思卡爾頓酒店	2,997,000,000	100	2,997,000,000
10.	Hilton Sanya Resort and Spa, Yalong Bay National Resort District, Sanya, Hainan Province, the PRC 中國海南省三亞市亞龍灣國家旅遊度假區金茂三亞希爾頓酒店	2,695,000,000	100	2,695,000,000
11.	Hyatt Regency Chongming, No.1 Lane 799, Lanhai Road, Chenjia Town, Chongming County, Shanghai, the PRC 中國上海市崇明縣陳家鎮攬海路799弄1號崇明金茂凱悅酒店	820,000,000	100	820,000,000
	Sub-total of Group III :	14,319,000,000		14,319,000,000

Group IV - Properties held by the Group for operation under development in the PRC

12.	The under construction development known as Renaissance Beijing Wangfujing Hotel, No. 57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號金茂北京王府井萬麗酒店在建工程	1,025,000,000	100	1,025,000,000

	Property	Market value in existing state as at 31 March 2014 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 31 March 2014 *(RMB)*
13.	The under construction development known as Grand Hyatt Lijiang situated at Xiangjiang Road and Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan Province, the PRC 中國雲南省麗江市香江路及玉龍雪山甘海子麗江君悦酒店在建工程	1,011,000,000	100	1,011,000,000
	Sub-total of Group IV :	2,036,000,000		2,036,000,000
Group V - Properties leased by the Group in the PRC				
14.	Room 404, No. 5, Lane 1269, Zhangyang Road, Pudong New District, Shanghai, the PRC 中國上海市浦東新區張楊路1269弄5號404室	No commercial value	100	No commercial value

	Property	Market value in existing state as at 31 March 2014 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 31 March 2014 *(RMB)*
15.	Unit Nos. 701-724 on 7/F, 601-624 on 6/F, 501-524 on 5/F, 301-324 on 3/F, 201-224 on 2/F, Block 3 of Crown Dormitory Building, Che Kung Temple Industrial Zone, Futian District, Shenzhen Guangdong Province, the PRC 中國廣東省深圳市福田區車公廟工業區皇冠單身宿舍第三棟二層201-224，三層301-324，五層501-524，六層601-624，七層701-724單元	No commercial value	100	No commercial value
16.	Unit No. 1120, Guozhong Commercial Building, No. 33 Dengshikou Street, Dongcheng District, Beijing, the PRC 中國北京市東城區燈市口大街33號國中商業大廈1120單元	No commercial value	100	No commercial value
17.	Unit No. 1121, Guozhong Commercial Building, No. 33 Dengshikou Street, Dongcheng District, Beijing, the PRC 中國北京市東城區燈市口大街33號國中商業大廈1121單元	No commercial value	100	No commercial value
18.	Unit No. 19-1 and 19 of Phases 1 and 2, No. 8 Yuyang Road, Shunyi District, Beijing, the PRC 中國北京市順義區榆陽路8號一、二期19-1及19單元	No commercial value	100	No commercial value

	Property	Market value in existing state as at 31 March 2014 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 31 March 2014 *(RMB)*
19.	Unit 8A-2 on Level 8, No.99 Longfusi Road, Dongcheng District, Beijing, the PRC 中國北京市東城區隆福寺街99號8層8A-2單元	No commercial value	100	No commercial value
20.	Unit No. 2-248, No. 1299 Jinmen Road, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市金門路1299號2-248單元	No commercial value	100	No commercial value
	Sub-total of Group V :	No commercial value		No commercial value
	Grand total of Groups I to V :	**24,455,000,000**		**24,455,000,000**

VALUATION CERTIFICATE

Group I - Properties held by the Group for occupation or operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
1.	A staff dormitory building located at Yingbin Road, Hedong District, Sanya, Hainan Province, the PRC 中國海南省 三亞市河東區 迎賓路 一棟宿舍樓	The property comprises Unit 1 and 2 of all floors in D1 Building of Dong'an Holiday Garden. D1 Building is an 11-storey building for residential use. Completed in 2007, the property has a total gross floor area of approximately 6,273.30 sq.m.. The property is held with land use rights for a term due to expire on 9 April 2077 for residential use.	As at the date of valuation, the property was occupied by the Group as staff dormitory.	RMB75,000,000 (100% interest attributable to the Group: RMB75,000,000)

Notes:-

(1) According to the Sale and Purchase Agreement of Commodity Housing No. (2000)0171 entered into between 三亞市土地儲備開發中心 (Land Reserve and Development Centre of Sanya City) (Party A) and 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) (Party B) on 30 March 2007, Party B agreed to purchase the property for a consideration of RMB21,643,092.

(2) According to Real Estate Title Certificate No. (2009)00279 dated 9 January 2009, the land use rights of the property having a site area of approximately 4,288.09 sq.m. and building ownership of the property having a gross floor area of 6,273.3 sq.m. have been vested in 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 9 April 2077 for residential use.

(3) According to Business License No. 460200000023419 dated 6 August 2013, 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has been established as a limited company with a registered capital of RMB500,000,000 and an operating period from 23 March 2004 to 22 March 2034.

(4) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate is legal, valid and enforceable under the PRC laws; and

(ii) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Sale and Purchase Agreement of Commodity Housing.	Yes
Real Estate Title Certificate	Yes
Business License.	Yes

(6) Our inspection was carried out by our valuer, Ms. Joanna Deng on 27 November 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
2.	A staff dormitory building located at Jiefang Road, Hexi District, Sanya, Hainan Province, the PRC 中國海南省 三亞市河西區 解放路 一棟宿舍樓	Completed in 2005, the property is a 12-storey building for residential use. The property has a total gross floor area of approximately 5,826.18 sq.m.. The property is held with land use rights for a term due to expire on 14 October 2073 for residential use.	As at the date of valuation, the property was occupied by the Group as staff dormitory.	RMB59,000,000 (100% interest attributable to the Group: RMB59,000,000)

Notes:-

(1) According to the Dazhong Building Transfer Contract entered into between 三亞東宏實業有限公司 (Sanya Donghong Enterprise Co., Ltd.)(Party A) and 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) (Party B) on 2 February 2005, Party B agreed to purchase the property for a consideration of RMB13,900,000.

(2) According to Real Estate Title Certificate No. (2005)1678 dated 6 June 2005, the land use rights of the property having a site area of approximately 836.98 sq.m. and building ownership of the property having a gross floor area of 5,826.18 sq.m. have been vested in 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) for a term due to expire on 14 October 2073 for residential use.

(3) According to Business License No. 460200000044409 dated 10 September 2012, 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has been established as a limited company with a registered capital of RMB300,000,000 and an operating period from 29 August 2003 to 28 August 2033.

(4) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate is legal, valid and enforceable under the PRC laws; and

(ii) 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(5) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Dazhong Building Transfer Contract.	Yes
Real Estate Title Certificate	Yes
Business License.	Yes

(6) Our inspection was carried out by our valuer, Ms. Joanna Deng on 27 November 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
3.	Level 8 of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大厦第8層	Jin Mao Tower is a mix-use development comprising retail shops, offices, a hotel and car parking spaces. Completed in 1999, Jin Mao Tower is an 88-storey building with 3 levels of basement and is erected on a parcel of land with a total site area of approximately 23,611 sq.m.. The property comprises Level 8 of the office portion of Jin Mao Tower and has a total gross floor area of approximately 3,017.47 sq. m.. The property is held with land use rights for a term due to expire on 14 June 2044 for commercial and office uses.	As at the date of valuation, the property was used by the Group as office.	RMB135,000,000 (100% interest attributable to the Group: RMB135,000,000)

Notes:-

(1) According to Shanghai Certificates of Real Estate Ownership No. (2011) 059202 dated 26 September 2011, the land use rights of the property comprises portion of Jin Mao Tower having a total site area of approximately 23,611.00 sq.m. for a term due to expire on 14 June 2044 for commercial and office uses and building ownership of the property with a total gross floor area of approximately 3,017.47 sq. m. has been vested in 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited).

中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for the commercial and office portions of Jin Mao Tower.

(2) According to Business License No. 310000000036928 dated 22 December 2008, 中國金茂 (集團) 有限公司 (China Jin Mao (Group) Company Limited) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period from 15 June 1995 to 14 June 2045.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Shanghai Certificate of Real Estate Ownership of the property is legal, valid and enforceable under the PRC laws; and

(ii) 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(4) The status of the title and grant of major approvals and Licenses in accordance with the information provided to us are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes
Business License.	Yes

(5) Our inspection was carried out by our valuer, Mr. Jack Sun on 11 December 2013. Mr. Jack Sun is a member of China Certified Public Valuer and has 10-year experience in property valuation in the PRC.

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

Use	**Market monthly unit rent**	**Capitalisation rate**
	(RMB/sq.m.)	
Office	241	5.0%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major office lettings range from approximately RMB220 per sq.m. to RMB300 per sq.m..

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

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
4.	The observation deck on Level 88 of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大厦第88層觀光廳	Jin Mao Tower is a mix-use development comprising retail shops, offices, a hotel and car parking spaces. Completed in 1999, Jin Mao Tower is an 88-storey building with 3 levels of basement and is erected on a parcel of land with a total site area of approximately 23,611 sq.m.. The property comprises the observation deck on Level 88 of Jin Mao Tower and has a total gross floor area of approximately 1,884.91 sq. m.. The property is held with land use rights for a term due to expire on 14 June 2044 for commercial and office uses.	As at the date of valuation, the property is used as an observation deck for visitors.	RMB137,000,000 (100% interest attributable to the Group: RMB137,000,000)

Notes :-

(1) According to Shanghai Certificate of Real Estate Ownership No. (2011) 059178 dated 26 September 2011, the land use rights of the property comprises portion of Jin Mao Tower having a total site area of approximately 23,611.00 sq.m. for a term due to expire on 14 June 2044 for commercial and office uses and building ownership of the property with a total gross floor area of approximately 1,884.91 sq. m. has been vested in 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited).

中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for the commercial and office portions of Jin Mao Tower.

(2) According to Business License No. 310000000036928 dated 22 December 2008, 中國金茂 (集團) 有限公司 (China Jin Mao (Group) Company Limited) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period from 15 June 1995 to 14 June 2045.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Shanghai Certificate of Real Estate Ownership of the property is legal, valid and enforceable under the PRC laws; and

(ii) 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(4) The status of the title and grant of major approvals and Licenses in accordance with the information provided to us are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes
Business License	Yes

(5) Our inspection was carried out by our valuer, Mr. Jack Sun on 11 December 2013. Mr. Jack Sun is a member of China Certified Public Valuer and has 10-year experience in property valuation in the PRC.

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

Use	**Market monthly unit rent**	**Capitalisation rate**
	(RMB/sq.m.)	
Retail	555	5.0%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental levels of those major retail lettings range from approximately RMB250 per sq.m. to RMB850 per sq.m..

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

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

VALUATION CERTIFICATE

Group II - Property held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
5.	The commercial and office portions of Jin Mao Tower, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號金茂大廈商場及辦公樓部分	Jin Mao Tower is a mix-use development comprising retail shops, offices, a hotel and car parking spaces. Completed in 1999, Jin Mao Tower is an 88-storey building with 3 levels of basement and is erected on a parcel of land with a total site area of approximately 23,611 sq.m.. The property comprises the commercial and office portions of Jin Mao Tower. The 3 basement levels are used as car parking spaces and storage area. Levels B1 to 6 are used as retail podium. Levels 3 to 7 and 9 to 50 are used as office spaces. The property has the following gross floor areas with details as follows: (see table below) A total gross floor area of 1,378.51 sq.m. on Level 15 and 30 used as emergency shelter floors is included in the above gross floor area of office portion. The property is held with land use rights for a term due to expire on 14 June 2044 for commercial and office uses.	As at the date of valuation, a portion of the property with leased area of approximately 120,954.10 sq.m. excluding the portion of car park and storage was leased to various tenants with a total monthly rent of approximately RMB40,519,816 for various terms from 2 years to 17.5 years with the last one due to expire on 31 January 2017. As at the date of valuation, a portion of the property with leased area of approximately 24,672.84 sq.m. was leased to intra-group tenants with a total monthly rent of approximately RMB7,598,622 for various terms from 1 years to 8 years with the last one due to expire on 15 November 2015.	RMB7,694,000,000 (100% interest attributable to the Group: RMB7,694,000,000) The breakdown of the market value is as follows: Office portion: RMB6,444,000,000 Retail podium portion: RMB1,115,000,000 Car park and storage portion: RMB135,000,000

Use	Approximate gross floor area (sq.m.)
Office	134,103.53
Retail podium	35,658.86
Car park and storage	41,797.46
Total	211,559.85

Notes:-

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

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

中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for the commercial and office portions of Jin Mao Tower.

(2) According to Business License No. 310000000036928 dated 22 December 2008, 中國金茂 (集團) 有限公司 (China Jin Mao (Group) Company Limited) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period from 15 June 1995 to 14 June 2045.

(3) We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Shanghai Certificates of Real Estate Ownership of the property are legal, valid and enforceable under the PRC laws; and

(ii) 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(4) The status of the title and grant of major approvals and Licenses in accordance with the information provided to us are as follows:-

Shanghai Certificates of Real Estate Ownership	Yes
Business License	Yes

(5) Our inspection was carried out by our valuer, Mr. Jack Sun on 11 December 2013. Mr. Jack Sun is a member of China Certified Public Valuer and has 10-year experience in property valuation in the PRC.

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

Use	Market monthly unit rent	Capitalisation rate
	(RMB/sq.m.)	
Retail	296 to 740	5.0%
Office	241 to 271	5.0%

In undertaking our valuation, we have made reference to various recent lettings within the property as well as other similar properties within the same district. The monthly rental level of those major retail lettings range from approximately RMB250 per sq.m. to RMB850 per sq.m.. The monthly rental level of those major office lettings range from approximately RMB220 per sq.m. to RMB300 per sq.m..

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

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

VALUATION CERTIFICATE

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

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
6.	Grand Hyatt Shanghai, No. 88 Century Avenue, Pudong New District, Shanghai, the PRC 中國上海市浦東新區世紀大道88號上海金茂君悅大酒店	Jin Mao Tower is a mix-use development comprising retail shops, offices, a hotel and car parking spaces. Jin Mao Tower is an 88-storey building with 3 levels of basement and is erected on a parcel of land with a total site area of approximately 23,611 sq.m.. The property comprises the hotel portion of Jin Mao Tower and occupies floor space on Levels 1, 2 and 53 to 87 of Jin Mao Tower. The property was completed in 1999 and operated since August 1999. The property currently provides 555 guest rooms, Chinese and western restaurants, bars, indoor swimming pools, gyms, spas and other facilities. The property has a total gross floor area of approximately 76,013.11 sq.m.. The land use rights of the property have been granted to 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) for a term due to expire on 14 June 2044 for commercial and office uses.	The property is operated as a 5-star hotel under the name "Grand Hyatt Shanghai" and is subject to a management agreement with Hyatt of China Limited for an initial term of 20 years after the formal opening of the hotel.	RMB3,129,000,000 (100% interest attributable to the Group: RMB3,129,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size	Number of Rooms
	(sq.m.)	
Suites		
Chairman Suite	285	1
Presidential Suite	175	2
Diplomat Suite	100	8
Grand Suite	68	17
Grand Suite Riverview	68	17
Room		
Club Deluxe Riverview Room	50	26
Riverview Deluxe Room	45	14
Grand Deluxe Room	35-40	14
Grand Club Room	35-40	66
Grand Riverview Room	35-40	225
Grand Room	35-40	165
	Total	555

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

Grand Hyatt Shanghai's banqueting and meeting facilities include:

(i) The Communications and Business Centre located on the 54th floor of Jin Mao Tower, which provides services and facilities for business travelers, including 24-hour confidential office services, secretarial support, translation services, facsimile transmission and office equipment rental services;

(ii) The Grand Ballroom located on the 2nd floor of Jin Mao Tower, which consists of a group of three medium-sized interconnecting rooms with a total space of approximately 920sq.m.. The Grand Ballroom can be used in any combination, either individually, in pairs or with all three opened into a larger space for up to 788 people for a seated dinner, or up to 1,200 people for a cocktail party. For conferences, the Grand Ballroom can hold up to 1,200 people in theatre style, up to 640 in classroom style and up to 175 people in U-shape style; and

(iii) 19 versatile function rooms ranging in sizes from 45 sq.m. to 104 sq.m..

Food and Beverage Facilities

Grand Hyatt Shanghai offers a range of food and beverage options, with restaurants and bars which include:

Food and Beverage outlet	Style	Total Seating Area	Maximum Seating Capacity
		(sq.m.)	
Grand Cafe	Cafe	1,440	192
Canton	Cantonese	1,040	172(6 boxes)
Club Jin Mao	Shanghainese	946	136(6 boxes)
Kobachi	Japanese	158	64
Cucina	Italian	271	97
The Grill	Barbecue	271	90
Patio	Bar	430	55
Cloud 9	Bar	1,520	178
Piano Bar	Bar	265	77
Food Live	Chinese and Asian	3,301	443

Recreational and Other Facilities

Recreational and other facilities at Grant Hyatt Shanghai include but not limited to the following:

Other Amenities	Approximate Area
	(sq.m.)
Spa	110
Fitness centre	1,214

Club Level

The Grand Club Lounge, located on the 83rd floor, offers club guests daily refreshments and meeting room services during their stay. In addition, club guests can check-in at the private concierge counter located in the Grand Club Lounge.

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

中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for Grand Hyatt Shanghai.

(4) According to Business License No. 310000000036928 dated 22 December 2008, 中國金茂 (集團) 有限公司 (China Jin Mao (Group) Company Limited) has been established as a limited company with a registered capital of RMB2,635,000,000 and a valid period from 15 June 1995 to 14 June 2045.

(5) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Shanghai Certificate of Real Estate Ownership of the property is legal, valid and enforceable under the PRC laws; and

(ii) 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(6) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes
Business License.	Yes

(7) Our inspection was carried out by our valuer, Mr. Jack Sun on 11 December 2013. Mr. Jack Sun is a member of China Certified Public Valuer and has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,700.

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,676 and RMB1,640 in the financial year 2012 and 2013 respectively. In determining the ADR in 1st year, we have adopted the average daily room rates in year 2012 and 2013 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. We are of the view that the short term outlook for the hotel industry in Shanghai as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. ADR in 1st year is expected to grow by about 2.6% from their average ADR for 2012 and 2013 due to an expected balanced supply-demand dynamics in 2014 as well as general expected inflation.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotel were analysed and reviewed. Its average occupancy rates for the financial years of 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013 were 84.9%, 81.8%, 75.5%, 72.1%, 59.5%, 57.0%, 72.3%, 59.0%, 60.0% and 58.6% respectively. Our projection is based on the comparison between the average of the above historical occupancy rates since 2004 after the subject hotel operation has reached mature stage in 4th year of operation of 68.1% and the average of the below projected occupancy rates in our 10-year period of 68.3%. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	Approximate hotel occupancy rate in 2013
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	1	2	3	4	5	6	7	8	9	10
Projected occupancy rate	60%	65%	65%	67%	67%	69%	69%	71%	73%	75%

We have also taken into account of the potential benefits of the following factors:

- The room renovations at Grand Hyatt Shanghai which commenced in stages in 2011 and is scheduled to be completed by 2014 will strengthen Grand Hyatt Shanghai's competitiveness and capture the growth in occupancy rate.

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Shanghai. The number of domestic visitor arrivals to Shanghai in 2008 and 2012 were about 11.006 millions and 25.094 millions respectively, representing a strong growth of about 22.9% per annum during this period.

- Hotel demand is expected to increase due to the influx of tourists and business visitors as a result of the establishment of Pilot Free Trade Zone in Shanghai and Shanghai Disney Resort which is scheduled to open in 2015.

- Grand Hyatt Shanghai is located at the core area of small Lujiazui Financial Area. A very limited supply of new high end hotel rooms (250 rooms from Shanghai Tower) is expected to be available in this core area in the near future.

We expect that increasing travellers and visitors to Shanghai will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Shanghai and that no government policies or regulations affecting the number of visitors to Shanghai or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
7.	The Westin Beijing Chaoyang, No. 7 Dongsanhuan North Road, Chaoyang District, Beijing, the PRC 中國北京市朝陽區東三環北路7號金茂北京威斯汀大飯店	The property comprises a 34 storey hotel consisting of 550 guest rooms and suites. It also comprises underground car parking spaces, Chinese and western restaurants, bars, an indoor swimming pool, gym, spa and some retail units. The property was completed in 2008 and operated since 2008. The property has a total gross floor area of approximately 77,944.73 sq.m.. As advised by the Group, the land use rights of the property is held for a term due to expire on 12 December 2041 for hotel use. For details, please refer to Note (3).	The property is operated as a 5-star hotel under the name "The Westin Beijing Chaoyang "and is subject to a management agreement with Westin Hotel Management L.P. for an initial term from 7 March 2006 to 31 December 2023.	RMB2,699,000,000 (100% interest attributable to the Group: RMB2,699,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size	Number of Rooms
	(sq.m.)	
Suites		
Jinmao Presidential Suite	320	1
Westin Diplomatic Suite	140	4
Westin Executive Renewal Suite	100	6
Westin Renewal Suite	100	42
Rooms		
Westin Executive Renewal Room	60	12
Westin Workout Room	60	3
Westin Studio	60	81
Westin Accessible Room	40	3
Westin Executive Deluxe Room	40	63
Westin Premier Room	40	144
Westin Deluxe Room	40	191
	Total	550

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

The banqueting and meeting spaces include:

(i) The Jinmao Ballroom, which offers 700 sq.m. of event space and is capable of accommodating up to 450 guests for a cocktail reception or a banquet. It is divisible into three halls, each offering 230 sq.m. of space, which can accommodate up to 160 guests in a reception or banquet setting;

(ii) The Chaoyang Ballroom, which offers 180 sq.m. of event space and can accommodate up to 130 guests for a cocktail reception or up to 100 guests for a banquet. It is divisible into two halls, each offering 99 sq.m. of space and is capable of accommodating up to 65 guests for a cocktail party or up to 50 guests for a banquet;

(iii) Four function rooms — Earth, Fire, Wood and Water, which range in sizes from 26 sq.m. to 112 sq.m. to provide for more intimate meetings; and

(iv) A boardroom — Metal Room, located in the business centre, which is 87.5 sq.m. and used for small boardroom gatherings of up to 16 people.

Food and Beverage Facilities

The Westin Beijing Chaoyang offers the following eight restaurants and bars:

Food and Beverage outlet	Style	Total Seating Area	Maximum Seating Capacity
		(sq.m.)	
Daily Treats	Mix	25	24
Exchange	Bar and cafe	197	76
Grange Grill	Western	465	92
Mai	Japanese	230	83
Mix	Bar	178	78
Seasonal Tastes	Buffet	1,105	190
Splash	Bar	230	80
Zen5es	Chinese	1,155	214

Recreational and Other Facilities

Recreational and other facilities at The Westin Beijing Chaoyang include but not limited to the following:

Other Amenities	Approximate Area
	(sq.m.)
Heavenly Spa	340
Indoor heated swimming pool	909
Westin WORKOUT Fitness Studio	254

Club Level

The Westin Executive Club Lounge offers guests of the Executive Club level rooms and suites daily complimentary refreshments. Executive Club guests are invited to relax or hold a meeting in the Executive Club Lounge.

Retail Tenants and Leased Space

As at the Latest Practicable Date, The Westin Beijing Chaoyang had five tenants, including the following:

Shop Name	Floor Level	Total Leased Floor Area	Annual Rent
		(sq.m.)	(RMB)
Cai Nan Clothes	1	38	1,056,000
Pilates	5	50	192,000
Kaisa Real Estate	1	233	3,230,000
Beauty salon	5	46.8	180,000
Yoga studio	5	197.5	330,000

(3) According to Sale and Purchase Contract entered into between 北京美邦亞聯房地產有限公司 (the vendor) and 金茂 (北京) 置業有限公司 (Beijing Jin Mao Real Estate Company Limited) (the purchaser) on 27 June 2007, and an agreement dated 18 January 2011, the purchaser agreed to purchase the property for a consideration of RMB1,795,000,000.

As advised by the Group, the land use rights of the property is part of the State-owned Land Use Right Certificate No.(2002)10243 for the land with a total site area of approximately 24,195 sq.m. vested in 北京美邦亞聯房地產有限公司 for a term due to expire on 12 December 2041 for commercial use, on 12 December 2071 for apartment use, on 12 December 2051 for office use.

(4) According to Building Ownership Certificate No. 1040094 dated 26 September 2011, the building ownership of the property with a total gross floor area of approximately 77,944.73 sq.m. has been vested in 金茂 (北京) 置業有限公司 (Beijing Jin Mao Real Estate Company Limited) for hotel use.

(5) According to Business License No. 110000010308456 dated 20 July 2012, 金茂 (北京) 置業有限公司 (Beijing Jin Mao Real Estate Company Limited) has been established as a limited company with a registered capital of RMB1,600,000,000 and an operating period from 25 June 2007 to 24 June 2037.

(6) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Building Ownership Certificate of the property is legal, valid and enforceable under the PRC laws; and

(ii) 金茂(北京)置業有限公司 (Beijing Jin Mao Real Estate Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(7) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Sale and Purchase Contract	Yes
Building Ownership Certificate	Yes
Business License	Yes

(8) Our inspection was carried out by our valuer, Mr. Jason Wang on 11 December 2013. Mr. Jason Wang is a member of China Certified Public Valuer and has 8-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,500.

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,540 and RMB1,365 in the financial year 2012 and 2013 respectively. In determining the ADR in 1st year, we have adopted the average daily room rates in year 2012 and 2013 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. We are of the view that the short term outlook for the hotel industry in Beijing as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. ADR in 1st year is expected to grow by about 3.3% from their average ADR for 2012 and 2013 due to an expected balanced supply-demand dynamics in 2014 as well as general expected inflation.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotel were analysed and reviewed. Its average occupancy rates for the financial years of 2011, 2012 and 2013 were 78.6%, 76.5% and 71.7% respectively. Our projection is based on the comparison between the average of the above historical occupancy rates since 2011 after the subject hotel operation has reached mature stage in 4th year of operation of 75.6% and the average of the below projected occupancy rates in our 10-year period of 75.8%. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	**Approximate hotel occupancy rate in 2013**
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Projected occupancy rate	70%	73%	75%	75%	75%	77%	77%	77%	79%	80%

We have also taken into account of the potential benefits of the following factors:

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Beijing. The number of domestic visitor arrivals to Beijing in 2007 and 2013 were about 140 millions and 250 millions respectively, representing a strong growth of about 10.1% per annum during this period.

- The Westin Beijing Chaoyang is located in the core urban and financial area of Beijing, within 4th Ring Road. According to our analysis, estimated high end hotel supply in Beijing is expected to be relatively low during the period between 2014 and 2017. The estimated supply of new high-end hotel room count are 2,367, 1,013, 120 and 680 in 2014, 2015, 2016 and 2017 respectively.

We expect that increasing travellers and visitors to Beijing will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Beijing and that no government policies or regulations affecting the number of visitors to Beijing or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
8.	JW Marriott Hotel Shenzhen, No.6005, Shennan Boulevard, Futian District, Shenzhen, Guangdong Province, the PRC 中國廣東省深圳市福田區深南大道6005號金茂深圳JW萬豪酒店	The property comprises a 27-storey hotel consisting of 411 guest rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, gyms, spas and other facilities. The property was completed in 2004 and operated since March 2009. The property has a total gross floor area of approximately 51,730.01 sq.m. of which approximately 42,032.27 sq.m. is above ground and approximately 9,697.74 sq.m. is underground. Approximately 2,452 sq.m. of the underground area has been designated as civil air defence property. The property is held with land use rights for a term of 50 years from 21 January 1997 to 20 January 2047 for apartment, hotel, retail and office uses.	The property is operated as a 5-star hotel under the name “JW Marriott Hotel Shenzhen” and is subject to a management agreement dated 21 March 2009 with Marriott Management (Shanghai) Co., Ltd. for an initial term from 11 March 2009 to 31 December 2039 and an automatic renewal term of 10 years unless notice is given by either party to terminate the agreement eleven months before the end of the initial term.	RMB1,979,000,000 (100% interest attributable to the Group: RMB1,979,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size	Number of Rooms
	(sq.m.)	
Suites		
Presidential Suite	228	1
Vice Presidential Suite	190	1
Executive Suite	90	6
Junior Executive Suite	87	12
Rooms		
Executive Premier Room	58	43
Executive Room	58	75
Deluxe Room	43	195
Superior Room	43	63
Studio Room	65	15
	Total	411

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

JW Marriott Hotel Shenzhen's banqueting and meeting facilities include:

(i) The Jin Mao Ballroom, with a maximum meeting space of 602 sq.m. and a maximum capacity of up to 550 people for a cocktail reception or up to 390 people for a banquet. It is designed to be flexible and can be partitioned into three ballrooms, each offering 200 sq.m. and a capacity of up to 180 people for a cocktail reception or up to 130 people for a banquet;

(ii) Four meeting rooms and a boardroom with sizes ranging from 46 sq.m. to 89 sq.m.; and

(iii) A terrace, which can accommodate up to 370 people for a cocktail reception or up to 270 people for a banquet.

Food and Beverage Facilities

JW Marriott Hotel Shenzhen offers a range of food and beverage options, with five restaurants which include:

Food and Beverage outlet	Style	Total Seating Area	Maximum Seating Capacity
		(sq.m.)	
Man Ho	Chinese	297.40	120
Café Chinois	International	484.00	148
Shizuku	Japanese	237.50	62
Java+	Coffee house	40.80	22
The Lounge	Lounge bar	450.00	149

Recreational and Other Facilities

Recreational and other facilities at JW Marriott Hotel Shenzhen include the following:

(i) Quan Spa, which offers services and treatments including body scrubs, massages, manicures, therapy baths, fitness counseling and a steam room;

(ii) A health club, equipped with both cardiovascular equipment and free weights;

(iii) An outdoor swimming pool; and

(iv) A whirlpool.

Club Level

JW Marriott Hotel Shenzhen offers guests of the executive rooms and suites access to the Executive Lounge, which is located on the 27th floor, and daily complimentary refreshments. Executive Lounge guests can also enjoy express check-in and check-out services at the Executive Lounge.

Retail Tenants and Leased Space

As at the date of valuation, JW Marriott Hotel Shenzhen had one tenant, which was Standard Chartered Bank:

Shop Name	Floor Level	Total Leased Floor Area	Annual Rent
		(sq.m.)	(RMB)
Standard Chartered Bank	1	162	185,000

(3) According to 29 Real Estate Title Certificates issued by 深圳市國土資源和房產管理局 (Shenzhen Land Resources And Real Estate Administrative Bureau) on 8 July 2009 and 10 July 2009, the land use rights of the property having a total gross floor area of approximately 42,874.58 sq.m. have been vested in 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) for a term due to expire on 20 January 2047 for apartment, hotel, retail and office uses with details as follows:-

No.	Certificate No.	Name	Use	Gross Floor Area
				(sq.m.)
1	3000567882	Dongqi Building 1001	Apartment	1,405.93
2	3000567885	Dongqi Building 1101	Apartment	1,405.93
3	3000567886	Dongqi Building 1201	Apartment	1,416.05
4	3000567887	Dongqi Building 1301	Apartment	1,416.05
5	3000568414	Dongqi Building 1401	Apartment	1,416.05
6	3000568410	Dongqi Building 1501	Apartment	1,416.05
7	3000568411	Dongqi Building 1601	Apartment	1,416.05
8	3000567874	Dongqi Building 1701	Apartment	1,416.05
9	3000567877	Dongqi Building 1801	Hotel	1,381.34
10	3000568409	Dongqi Building 1901	Hotel	1,359.50
11	3000567775	Dongqi Building 2001	Hotel	1,476.39
12	3000567876	Dongqi Building 2101	Hotel	1,476.39
13	3000567875	Dongqi Building 2201	Hotel	1,476.39
14	3000567774	Dongqi Building 2301	Hotel	1,476.39
15	3000567773	Dongqi Building 2401	Hotel	1,476.39
16	3000567889	Dongqi Building 2501	Hotel	1,476.39
17	3000567808	Dongqi Building 2601	Hotel	1,467.15
18	3000567772	Dongqi Building 2701	Hotel	1,371.66
19	3000567782	Dongqi Building 101	Retail	1,373.11
20	3000567781	Dongqi Building 201	Retail	2,050.42
21	3000567780	Dongqi Building 301	Retail	2,451.74
22	3000567778	Dongqi Building 401	Retail	1,614.48
23	3000567777	Dongqi Building 501	Office	1,396.17
24	3000567776	Dongqi Building 601	Office	1,396.17
25	3000567878	Dongqi Building 701	Office	1,396.17
26	3000567880	Dongqi Building 801	Apartment	1,405.93
27	3000567881	Dongqi Building 901	Apartment	1,405.93
28	3000568413	Dongqi Building B1	Restaurant/Storage/ Laundry/Management	1,238.00
29	3000567771	Dongqi Building B2	Restaurant/Storage/ Laundry/Management	1,400.31
			Total	42,874.58

According to the Supplementary Agreement of the Grant Contract of Land Use Rights (1997) A001 dated 31 December 2003, the land use rights of the property will be automatically extended for a further term of 20 years without paying of land premium.

However according to Note (7) stated in the legal opinion, the above renewal of land use term may not be permitted.

In the course of our valuation, we have assumed that this extension of land use rights is not permitted.

In the total gross floor area of the property, 51,730.01 sq. m., a portion of gross floor area of 42,874.58 sq. m. is with Real Estate Title Certificate and the remaining portion of 8,855.43 sq. m. is without Real Estate Title Certificate.

For the portion of gross floor area without Real Estate Title Certificate, as advised by the Group's PRC legal adviser, there is no legal impediment for the Group to occupy and use a portion of 2,880 sq. m. and there is no requirement to apply for the Real Estate Title Certificate for the remaining portion according to the local rules and practice.

(4) According to Planning Permit for Construction Works No.(2005)019 issued by 深圳市規劃局 (Shenzhen Planning Bureau) on 5 April 2005, the construction works of a portion of the expansion project to the property with aboveground gross floor area of approximately 1,796 sq.m. for hotel use and underground gross floor area of approximately 427.8 sq.m. for underground car park space is in compliance with the construction requirements and has been approved.

(5) According to Completion and Acceptance Certificate for Construction Works No.(2004)013 issued by 深圳市規劃局 (Shenzhen Planning Bureau) on 19 August 2004, the portion of the property with gross floor area of 49,506.21 sq.m. has been completed and accepted.

According to Completion and Acceptance Certificate for Construction Works No. ZS-2010-0036 dated 24 August 2010, a portion of the property with gross floor area of 2,232.75 sq. m. has been completed and accepted.

金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has obtained the Planning Permit for Construction Works, the Completion and Acceptance Certificate for Construction Works, and the Permit for Commencement of Construction Works, and has passed the acceptance inspection for construction works for JW Marriott Hotel Shenzhen.

(6) According to Business License No. 440301103047672 dated 13 June 2013, 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has been established as a limited company with a registered capital of RMB700,000,000 and an operating period from 2 June 1993 to 2 June 2023.

(7) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificates of the property are legal, valid and enforceable under the PRC laws;

(ii) The property is subject to legal charge dated 17 September 2013 in favour of China Industrial and Commerce Bank;

(iii) 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the portion of the property with Real Estate Title Certificate provided that the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) The covenant in the Supplementary Agreement of the Grant Contract of Land Use Rights that the land use rights of the property will be automatically extended for a further term of 20 years without paying of land premium may not be supported by legislation sufficiently. If this renewal of land use term is not agreed of by the Land Administrative Department of Shenzhen, 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) may not have legal remedies to enforce this renewal.

(8) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Real Estate Title Certificates	Yes
Planning Permit for Construction Works	Yes
Completion and Acceptance Certificate for Construction Works	Yes
Business License	Yes

(9) Our inspection was carried out by our valuer, Ms. Joanna Deng on 17 December 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,100.

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,025 and RMB1,039 in the financial year 2012 and 2013 respectively. In determining the ADR in 1st year, we have adopted the average daily room rates in year 2012 and 2013 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. We are of the view that the short term outlook for the hotel industry in Shenzhen as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. ADR in 1st year is expected to grow by about 6.6% from their average ADR for 2012 and 2013 due to an expected balanced supply-demand dynamics in 2014 as well as general expected inflation.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotel were analysed and reviewed. Its average occupancy rates for the financial years of 2011, 2012 and 2013 were 74.3%, 71.5% and 75.0% respectively. Our projection is based on the comparison between the average of the above historical occupancy rates since 2012 after the subject hotel operation has reached mature stage in 4th year of operation of 73.3% and the average of the below projected occupancy rates in our 10-year period of 76.5%. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	Approximate hotel occupancy rate in 2013
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	1	2	3	4	5	6	7	8	9	10
Projected occupancy rate	75%	75%	75%	75%	75%	77%	77%	77%	79%	80%

We have also taken into account of the potential benefits of the following factors:

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Shenzhen. The number of domestic visitor arrivals to Shenzhen in 2007 and 2013 were about 17.29 millions and 33.52 millions respectively, representing a strong growth of about 11.7% per annum during this period.

- Hotel demand is expected to increase due to the increase in the number of tourists and business visitors as a result of the completion of the Xiamen-Shenzhen Railway, the T3 terminal at the Shenzhen International Airport, the Hong Kong—Zhuhai—Macau Bridge which is scheduled to open in 2016 and the high-speed railway linking Shenzhen and Hong Kong which is scheduled to open in 2017.

- The commencement of development of Qianhai Shenzhen-Hong Kong Modern Service Industry Co-operation Zone in Shenzhen, which is expected to be the testing ground for implementing more relaxed Renminbi fund flow policies and providing a higher level of currency conversion services for investment purposes (particularly in respect of Renminbi into foreign currencies), will strengthen Shenzhen's role as an international financial city in China. This development will in turn enhance hotel demand as a result of an increase in the number of business visitors and the level of business activities.

- JW Marriot Hotel Shenzhen is located at Futian District, the core urban area of Shenzhen which is in proximity to the Shenzhen Convention and Exhibition Centre. According to our analysis, supply of new high end hotel in Futain District, Shenzhen is estimated to be relatively low (with room count of about 1,612) during the period between 2014 and 2018.

We expect that increasing travellers and visitors to Shenzhen will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Shenzhen and that no government policies or regulations affecting the number of visitors to Shenzhen or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
9.	The Ritz-Carlton, Sanya, National Resort District, Yalong Bay, Sanya, Hainan Province, the PRC 中國海南省三亞市亞龍灣國家旅遊度假區金茂三亞麗思卡爾頓酒店	The property is a hotel and is erected on a parcel of land with a total site area of approximately 154,903.17 sq.m.. The property comprises 450 rooms, including 398 guest rooms, 21 suites and 33 private villas, 1 ballroom, meeting rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, spas and a gift shop located in main lobby. The property was completed in 2008 and operated since October 2008. The property has a total gross floor area of approximately 83,772.12 sq.m.. Approximately 2,269 sq.m. of the underground area has been designated as civil air defence property. The property is held with land use rights for a term due to expire on 22 January 2048 for commercial use.	The property is operated as a 5-star hotel under the name "The Ritz-Carlton" and is subject to a management agreement dated 26 March 2006 with The Ritz-Carlton International Management Company B.V. for an initial term from 31 October 2008 to 31 December 2038; and an renewal term of 10 years if notice is given by both parties to renew the agreement 240 days before the deadline.	RMB2,997,000,000 (100% interest attributable to the Group: RMB2,997,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size (sq.m.)	Number of Rooms
Villas		
Three Bedroom Ocean Front Villa	367	1
Two Bedroom Ocean Front Villa	252	4
One Bedroom Ocean Front Villa	130	8
Mangrove View Villa	130	8
Garden Villa	130	12
Suites		
The Ritz-Carlton Suite	343	1
Club Deluxe Ocean View Suite	192	2
Club Ocean View Suite	123-127	15
Club Garden View Suite	123	3
Rooms		
Club Ocean View Room	60	34
Deluxe Ocean View Room	60	88
Ocean Front Room	60	78
Lagoon Room	60	134
Deluxe Room	60-67	62
	Total	450

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

The Ritz-Carlton, Sanya's range of banqueting and meeting options includes:

(i) A ballroom offering 910 sq.m. of meeting space and a business centre with a capacity of up to 900 people in a reception setting, up to 850 people in a theatre layout or up to 550 people in a banquet arrangement. The Ballroom, which is on the third floor, can be divided into four separate rooms ranging from 138 sq.m. to 356 sq.m.;

(ii) Four meeting rooms on the first floor, each offering 100 sq.m. and a capacity of up to 40 people in a conference setting or up to 100 people in a reception setting. The layout is flexible in that the four rooms may be combined in pairs to produce two large meeting rooms, each providing a total space of 200 sq.m. and a capacity of up to 75 people in a conference setting;

(iii) Five meeting rooms on the third floor with sizes ranging from 50 sq.m. to 71 sq.m.. Four of the rooms may be combined in pairs to produce two mid-sized meeting rooms, each providing a total space of 127 sq.m. and a capacity of up to 40 people in a conference setting;

(iv) Outdoor oceanfront wedding auditorium; and

(v) Outdoor venues including a centre garden and event spaces in front of the main building.

Food and Beverage Facilities

The Ritz-Carlton, Sanya offers a range of food and beverage options, with six restaurants and bars, including:

Food and Beverage outlet	Style	Total Seating Area	Maximum Seating Capacity
		(sq.m.)	
Fresh8	International	945.65	360
Pearl	Chinese	667.35	142
Sofia	Italian	325.35	94
Sand	Seafood	262.53	98
Scene	Lounge bar	292.37	79
Cube	Bar	36.00	14

Recreational and Other Facilities

Recreational and other facilities at the Ritz-Carlton, Sanya include but not limited to the following:

Other Amenities	Approximate Area
	(sq.m.)
The ESPA	2,788
3 adult swimming pools	4,880
1 children swimming pool	118

Club Level

The Ritz-Carlton Club offers additional measures of luxury, such as expansive accommodations, an exclusive 450 sq.m. lounge and balcony with seating for 55 and a dedicated concierge staff. The Club Lounge offers complimentary refreshments and provides complimentary use of a meeting room (up to an hour a day) and wireless internet access.

Retail Tenants and Leased Space

Shop Name	Floor Level	Total Leased Floor Area	Annual Rent
		(sq.m.)	(RMB)
Louis Vuitton	3	245	2,690,520
TOD's	3	80	1,240,772
Salvatore Ferragamo	3	112	1,945,714
Paul & Shark	3	110	1,452,087
Ermenegildo Zegna	3	120	1,302,588
	Total	667	

(3) According to 39 Real Estate Title Certificates issued by Hainan Real Estate Administrative Bureau, the land use rights of the property having a site area of approximately 153,375.25 sq.m. for commercial use and building ownership of the property having a gross floor area 83,772.12 sq.m. for tourism use have been vested in 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 22 January 2048.

Certificate No.	Date of issue	Block No. or Location	Site Area	Gross Floor Area
			(sq.m.)	(sq.m.)
(2009)02006	17 March 2009	No.8011 Villa	506.60	133.33
(2009)02007	17 March 2009	No.8016 Villa	501.54	133.33
(2009)02008	17 March 2009	No.8017Villa	498.97	133.33
(2009)02009	17 March 2009	No.8019Villa	500.91	133.33
(2009)02011	17 March 2009	No.8018 Villa	502.97	133.33
(2009)02012	18 March 2009	No.8020 Villa	503.36	133.33
(2009)02013	18 March 2009	No.8021 Villa	502.08	133.33
(2009)02014	18 March 2009	No.8022 Villa	503.54	133.33
(2009)02015	18 March 2009	District C	27,649.94	17,376.28
(2009)02016	18 March 2009	Barbeque Bar	1,775.06	865.62
(2009)02017	18 March 2009	Wedding Hall	347.30	150.56
(2009)02018	18 March 2009	No.8033 Villa	504.79	133.33
(2009)02019	18 March 2009	No.8032 Villa	500.89	133.33
(2009)02020	18 March 2009	No.8031 Villa	502.78	133.33
(2009)02021	17 March 2009	No.8036 Villa	502.89	133.33
(2009)02022	17 March 2009	No.8009 Villa	507.65	133.33
(2009)02023	17 March 2009	No.8012 Villa	937.60	266.09
(2009)02024	17 March 2009	No.8013 Villa	941.53	266.09
(2009)02025	17 March 2009	No.8015 Villa	496.85	133.33
(2009)02026	17 March 2009	No.8003 Villa	502.77	133.33
(2009)02027	18 March 2009	No.8005 Villa	508.26	133.33

Certificate No.	Date of issue	Block No. or Location	Site Area	Gross Floor Area
			(sq.m.)	(sq.m.)
(2009)02028	18 March 2009	No.8002 Villa	945.80	266.09
(2009)02029	18 March 2009	No.8001 Villa	944.70	266.09
(2009)02030	18 March 2009	No.8888 Villa	1,448.20	404.24
(2009)02031	18 March 2009	No.8026 Villa	496.83	133.33
(2009)02040	17 March 2009	No.8027 Villa	500.53	133.33
(2009)02041	17 March 2009	No.8028 Villa	499.96	133.33
(2009)02042	17 March 2009	No.8029 Villa	501.89	133.33
(2009)02043	17 March 2009	No.8023 Villa	500.95	133.33
(2009)02044	17 March 2009	No.8025 Villa	504.15	133.33
(2009)02045	17 March 2009	No.8030 Villa	502.70	133.33
(2009)02046	17 March 2009	No.8035 Villa	500.95	133.33
(2009)02047	17 March 2009	No.8008 Villa	502.04	133.33
(2009)02048	17 March 2009	No.8010 Villa	502.63	133.33
(2009)02049	17 March 2009	No.8006 Villa	503.94	133.33
(2009)02050	17 March 2009	No.8007 Villa	510.03	133.33
(2009)03770	14 May 2009	District AB	46,337.60	29,109.90
(2009)03814	14 May 2009	District SPA	8,935.09	4,546.09
(2009)02005	17 March 2009	District D	49,038.98	26,521.83
		Total	153,375.25	83,772.12

According to Real Estate Title Certificate No. (2008)10235 dated 9 December 2008, the land use rights of a portion of the property having a site area of approximately 1,527.92 sq.m. have been vested in 金茂(三亞) 旅業有限公司 (Jin Mao Sanya Tourism Company Limited) for a term due to expire on 19 October 2062 for commercial use.

金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for the Ritz-Carlton, Sanya.

(4) According to Business License No. 460200000023419 dated 6 August 2013, 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has been established as a limited company with a registered capital of RMB 500,000,000 and an operating period from 23 March 2004 to 22 March 2034.

(5) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificates of the property are legal, valid and enforceable under the PRC laws;

(ii) The property is subject to legal charges dated 18 February 2010 and 4 December 2013 in favour of 中國銀行股份有限公司 (Bank of China Corporation); and

(iii) 金茂(三亞)旅業有限公司 (Jin Mao Sanya Tourism Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(6) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Real Estate Title Certificates	Yes
Business License	Yes

(7) Our inspection was carried out by our valuer, Ms. Joanna Deng on 27 November 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB2,800.

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB3,080 and RMB2,773 in the financial year 2012 and 2013 respectively. In determining the ADR in 1st year, we have adopted the average daily room rates in year 2012 and 2013 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. We are of the view that the short term outlook for the hotel industry in Sanya as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. ADR in 1st year is expected to drop by about 4.4% from their average ADR for 2012 and 2013 due to an expected increased supply of hotel in Sanya in 2014.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotel were analysed and reviewed. Its average occupancy rates for the financial years of 2011, 2012 and 2013 were 77.4%, 62.1% and 69.2% respectively. Our projection is based on the comparison between the average of the above historical occupancy rates since 2011 after the subject hotel operation has reached mature stage in 4th year of operation of 69.5% and the average of the below projected occupancy rates in our 10-year period of 71.4%. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	**Approximate hotel occupancy rate in 2013**
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	1	2	3	4	5	6	7	8	9	10
Projected occupancy rate.	70%	70%	70%	70%	70%	72%	72%	72%	73%	75%

We have also taken into account of the potential benefits of the following factors:

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Sanya. The number of domestic visitor arrivals to Sanya in 2007 and 2013 were about 4.86 millions and 11.81 millions respectively, representing a strong growth of about 15.9% per annum during this period.

- Hotel demand is expected to increase due to the increase in the number of tourists and business visitors as a result of the expansion of the facilities at Sanya Phoenix International Airport and the PRC government's policy to develop Sanya into an international tourist resort area. Currently, there are airline services connecting Sanya to various destinations in the world, approximately 62 cities in China and 44 cities in overseas. The passenger throughput reached 11.34 million in 2012. It is envisaged that the airport facilities will be improved with an aim to increase the capacity of passenger throughput and in turn will increase the numbers of visitors to Sanya and the demand for hotel.

- The Ritz-Carlton, Sanya is located at Yalong Bay, a high end and well developed tourist area with rich tourism resources. As this area is nearly fully developed, it is expected that nearly no supply of new high end hotel will enter into the market in this area in the near future. As a result, occupancy rates of hotels in this area is expected to be promising.

- The Ritz-Carlton, Sanya has 33 villas and 21 suites along the beach of Yalong Bay. Such design and facilities are rare when compared with other high-end hotels in the locality, which typically offer mostly standard rooms. We expect that these feature will strengthen the attractiveness of the subject hotel.

We expect that increasing travellers and visitors to Sanya will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Sanya and that no government policies or regulations affecting the number of visitors to Sanya or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
10.	Hilton Sanya Resort and Spa, National Resort District, Yalong Bay, Sanya, Hainan Province, the PRC 中國海南省三亞市亞龍灣國家旅遊度假區金茂三亞希爾頓酒店	The property is a hotel and is erected on a parcel of land with a total site area of approximately 108,610.37 sq.m.. The property comprises 10 blocks of 3-7 storey hotels consisting of 501 guest rooms, 1 ballroom, meeting rooms, underground car parking spaces, Chinese and western restaurants, bars, indoor and outdoor swimming pools, spas and a gift shop located in main lobby. The property was completed in 2005 and operated since April 2006. The property has a total gross floor area of approximately 75,207.93 sq.m. of which approximately 22,467.6 sq.m. is underground. Approximately 1,827 sq.m. of the underground area has been designated as civil air defence property. The property is held with land use rights for a term due to expire on 19 October 2062 for commercial use.	The property is operated as a 5-star hotel under the name "Hilton Sanya Resort and Spa" and is subject to a management agreement dated 20 June 2007 with Hilton International Co. for an initial term from 1 April 2006 to 31 December 2021; and an automatic renewal term of 10 years unless notice is given by either party to terminate the agreement.	RMB2,695,000,000 (100% interest attributable to the Group: RMB2,695,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size	Number of Rooms
	(sq.m.)	
Suites		
Presidential Suite	488	1
Grand Villa	352	1
Beach Villa	235	1
Suite	97	5
Beach Front Suite	97	2
Grand Pacific Suite	97	16
Pacific Suite	97	12
Lagoon Access Suite	48.5	16
Rooms		
Beach Front Room	48.5	32
Grand Ocean View Room	48.5	95
Ocean view Room	48.5	56
Deluxe Scenic View Room	48.5	28
Scenic View Room	48.5	161
Deluxe Room	48.5	75
	Total	501

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

Hilton Sanya Resort and Spa's banqueting and meeting facilities include:

(i) The Diamond Ballroom with a total space of 895 sq.m., which is capable of accommodating up to 1,000 people for a cocktail reception, up to 800 people in a theatre layout or up to 540 people for a banquet. The Diamond Ballroom can also be partitioned into three rooms ranging from 258 sq.m. to 323 sq.m.;

(ii) 10 meeting rooms on the ground floor and two on the first floor with sizes ranging from 34 sq.m. to 84 sq.m.. The Amethyst and Aquamarine meeting rooms have a cocktail event capacity of up to 50 people and up to 70 people, respectively, and are each divisible into smaller meeting rooms; and

(iii) A business centre.

Food and Beverage Facilities

Hilton Sanya Resort and Spa offers a range of food and beverage options, with six restaurants and bars, including:

Food and Beverage outlet	Style	Total Seating Area	Maximum Seating Capacity
		(sq.m.)	
BigKitchen	Café/Buffet	700	344
China Harvest	Chinese	500	125
IZE& Pub	Seafood	300	86
LaLa Bar	Poolside bar	100	46
Bar'dor	Bar and cafe	220	44
Teak Lounge	Lounge bar	200	61

Recreational and Other Facilities

Recreational and other facilities at Hilton Sanya Resort and Spa include but not limited to:

Other Amenities	Approximate Area
	(sq.m.)
SPA Single Room	96
SPA Double Room	124
Tea Lounge	47
Lounge	47
Locker	644
Fitness center	280
Adult swimming pool	4,356
Children swimming pool	117

Retail Tenants and Leased Space

As at the date of valuation, Hilton Sanya Resort and Spa had one tenant, which was the gift shop:

Shop Name	Floor Level	Total Leased Floor Area	Annual Rent
		(sq.m.)	(RMB)
Gift Shop	Off Main Lobby	30	758,760

(3) According to Real Estate Title Certificate No. (2008)0396 issued by Sanya Municipal Government on 23 January 2008, the land use rights of the property having a site area of approximately 108,610.37 sq.m. and building ownership of the property having a gross floor area 75,207.93 sq.m. have been vested in 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) for a term due to expire on 19 October 2062 commercial use.

金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for Hilton Sanya Resort and Spa.

(4) According to Business License No. 460200000044409 dated 10 September 2012, 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has been established as a limited company with a registered capital of RMB300,000,000 and an operating period from 29 August 2003 to 28 August 2033.

(5) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Real Estate Title Certificate is legal, valid and enforceable under the PRC laws;

(ii) The property is subject to legal charges dated 12 January 2010 and 4 December 2013 in favour of 中國銀行股份有限公司 (Bank of China Corporation); and

(iii) 金茂(三亞)度假酒店有限公司 (Jin Mao Sanya Resort Hotel Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(6) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Real Estate Title Certificate	Yes
Business License	Yes

(7) Our inspection was carried out by our valuer, Ms. Joanna Deng on 27 November 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,755.

In reaching this assumption, the average daily room rates of the subject hotel for the past two financial years were taken into consideration. The average daily room rate achieved by the hotel was RMB1,856 and RMB1,666 in the financial year 2012 and 2013 respectively. In determining the ADR in 1st year, we have adopted the average daily room rates in year 2012 and 2013 with minor adjustments on the factors including inflation and competition. Additionally, we have also made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, expected supply, the average daily room rates of comparable hotels in the area and other relevant factors. We are of the view that the short term outlook for the hotel industry in Sanya as a whole will remain positive in the absence of unforeseen and uncontrollable external factors. ADR in 1st year is expected to drop by about 0.4% from their average ADR for 2012 and 2013 due to an expected increased supply of hotel in Sanya in 2014.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the subject hotel were analysed and reviewed. Its average occupancy rates for the financial years of 2009, 2010, 2011, 2012 and 2013 were 67.6%, 66.6%, 67.5%, 59.2% and 65.8% respectively. Our projection is based on the comparison between the average of the above historical occupancy rates since 2009 after the subject hotel operation has reached mature stage in 4th year of operation of 65.3% and the average of the below projected occupancy rates in our 10-year period of 69.6%. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	**Approximate hotel occupancy rate in 2013**
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Projected occupancy rate	65%	65%	67%	67%	70%	70%	72%	72%	73%	75%

We have also taken into account of the potential benefits of the following factors:

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Sanya. The number of domestic visitor arrivals to Sanya in 2007 and 2013 were about 4.86 millions and 11.81 millions respectively, representing a strong growth of about 15.9% per annum during this period.

- The room renovations at Hilton Sanya Resort and Spa which commenced in stages in 2014 and is scheduled to be completed by 2016 will strengthen its competitiveness and capture the growth in occupancy rate.

- Hotel demand is expected to increase due to the increase in the number of tourists and business visitors as a result of the expansion of the facilities at Sanya Phoenix International Airport and the PRC government's policy to develop Sanya into an international tourist resort area. Currently, there are airline services connecting Sanya to various destinations in the world, approximately 62 cities in China and 44 cities in overseas. The passenger throughput reached 11.34 million in 2012. It is envisaged that the airport facilities will be improved with an aim to increase the capacity of passenger throughput and in turn will increase the numbers of visitors to Sanya and the demand for hotel.

- Hilton Sanya Resort and Spa is located at Yalong Bay, a high end and well developed tourist area with rich tourism resources. As this area is nearly fully developed, it is expected that nearly no supply of new high end hotel will enter into the market in this area in the near future. As a result, occupancy rates of hotels in this area is expected to be promising.

We expect that increasing travellers and visitors to Sanya will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Sanya and that no government policies or regulations affecting the number of visitors to Sanya or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
11.	Hyatt Regency Chongming, No.1 Lane 799, Lanhai Road, Chenjia Town, Chongming County, Shanghai, the PRC 中國上海市崇明縣陳家鎮攬海路799弄1號崇明金茂凱悅酒店	The property is a hotel and is erected on part of a parcel of land with site area of approximately 33,400 sq.m.. The property comprises 6 blocks of 4-6 storey hotels consisting of 235 guest rooms, 1 ballroom, 5 meeting rooms, Chinese and western restaurants, indoor swimming pools and a fitness centre. The property was completed in 2014 and is scheduled to be operated in 2014. The property has a total gross floor area of approximately 48,992.37 sq.m. of which approximately 15,280.98 sq.m. is underground. Approximately 5,930.7 sq.m. of the underground area has been designated as civil air defence property. The property is held with land use rights for a term due to expire on 4 November 2048 for commercial use.	The property is operated as a 5-star hotel under the name "Hyatt Regency Chongming "and is subject to a management agreement dated 4 May 2011 with Hyatt International Hotel Management (Beijing) Co., Ltd. for an initial term of 20 years after the formal opening of the hotel.	RMB820,000,000 (100% interest attributable to the Group : RMB820,000,000)

Notes:-

(1) Details of the room configuration are summarised as follows:-

Room Type	Size (sq.m.)	Number of Rooms
Suites		
Presidential Suite	312	1
Executive Suite	168	2
Junior Suite	107	18
Rooms		
Standard Room	42	214
	Total	235

(2) Details of the facilities and amenities are summarised as follows:-

Banqueting and Meeting Facilities

Hyatt Regency Chongming's range of banqueting and meeting options includes:

(i) A ballroom with a total space of 800 sq.m., which is capable of accommodating up to 600 people for a cocktail reception, up to 600 people in a theatre layout or up to 400 people for a banquet. The ballroom can also be partitioned into three rooms ranging from 175 sq.m. to 248 sq.m.;

(ii) Five meeting rooms with sizes ranging from 32 sq.m. to 121 sq.m.; and

(iii) A business centre.

Food and Beverage Facilities

Hyatt Regency Chongming offers a range of food and beverage options, with five restaurants and bars, including:

(i) Market Cafe, an all-day dining restaurant offering Asian and Western cuisine;

(ii) Lobby Lounge, a casual area offering different types of beverages and snacks;

(iii) Bistro, a restaurant offering Italian countryside comfort food;

(iv) Pin Yue, a Chinese restaurant specialising in Chongming local food; and

(v) Tea House, serving different types of traditional Chinese tea.

Recreational and Other Facilities

Recreational and other facilities at Hyatt Regency Chongming include the following:

Other Amenities	Total Area (sq.m.)
Fitness centre	130
Indoor swimming pool	1,100

Club Level

The Club Lounge offers club guests daily refreshments and meeting room services during their stay. In addition, club guests can check in at the private concierge counter located in the Club Lounge.

(3) According to Shanghai Certificate of Real Estate Ownership No. (2014)002504 dated 18 March 2014, the land use rights with a total site area of approximately 109,994 sq.m. and building ownership of the property having a gross floor area of 48,992.37 sq.m. have been vested in 金茂(上海)置業有限公司 (JinMao (Shanghai) Properties Ltd.) for a term due to expire on 4 November 2048 for commercial use.

金茂(上海)置業有限公司 (Jin Mao (Shanghai) Properties Ltd.) has obtained the Planning Permit for Construction Works and the Permit for Commencement of Construction Works and has passed the acceptance inspection for construction works for Hyatt Regency Chongming.

金茂(上海)置業有限公司 (Jin Mao (Shanghai) Properties Ltd.) injected such property into its wholly-owned subsidiary, 驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited), as part of its capital contribution.

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

(4) According to Business License No. 310230000372704 dated 3 April 2013, 金茂(上海)置業有限公司 (JinMao (Shanghai) Properties Ltd.) has been established as a limited company with a registered capital of RMB1,010,000,000 and an operating period from 18 December 2008 to 17 December 2038.

According to Business License No. 310230000652630 dated 31 March 2014, 驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) has been established as a limited company with a registered capital of RMB760,000,000 and a valid operating period commencing from 31 March 2014.

(5) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The Shanghai Certificate of Real Estate Ownership of the property is legal, valid and enforceable under the PRC laws; and

(ii) 驪隆(上海)酒店管理有限公司 (Li Long (Shanghai) Hotel Management Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(6) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

Shanghai Certificate of Real Estate Ownership	Yes
Business License.	Yes

(7) Our inspection was carried out by our valuer, Mr. Eric Fan on 19 February 2014. Mr. Eric Fan is a member of China Institute of Real Estate Appraisers and Royal Institution of Chartered Surveyors, who has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,100.

In reaching this assumption, as the subject hotel is newly operated, we have no record for the average daily room rates of the subject hotel over the past two financial years for consideration. We have taken into account of the average daily room rates of comparable hotels in the area with the range around RMB580 to RMB1,700. We are of the view that the short term outlook for the hotel industry in Shanghai as a whole will remain positive in the absence of unforeseen and uncontrollable external factors.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

As the subject hotel is newly operated, we have no record for the occupancy of the subject hotel over the past two financial years. In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the comparable hotels were analysed and reviewed. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	Approximate hotel occupancy rate in 2013
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	1	2	3	4	5	6	7	8	9	10
Projected occupancy rate	40%	60%	65%	65%	65%	65%	67%	70%	72%	75%

We have also taken into account of the potential benefits of the following factors:

- The Hyatt Regency Chongming is a new and high end hotel in Chongming Island. There are few high end hotels compared with Hyatt Regency Chongming in Chongming Island. This will provide Hyatt Regency Chongmong with a unique competitive advantage and opportunities to capture the growing demand for high-end hotel in this area.

- Hotel demand is expected to be increase due to an increase in the number of tourists as a result of the PRC government's plan to develop Chongming Island into an area of eco-tourism integrating leisure tourism, sports and entertainments, conferences and exhibitions.

- The growing economy of Shanghai is also expected to drive the demand for meeting, incentive, conferencing and exhibition for Chonming Island because Chongming provides an ideal location for off-site corporate conferences for those corporations located in Shanghai.

We expect that increasing travellers and visitors to Shanghai will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Shanghai and that no government policies or regulations affecting the number of visitors to Shanghai or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

Group IV - Properties held by the Group under development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
12.	The under construction development known as Renaissance Beijing Wangfujing Hotel, No.57 Wangfujing Avenue, Dongcheng District, Beijing, the PRC 中國北京市東城區王府井大街57號金茂北京王府井萬麗酒店在建工程	The property comprises an under construction development erected on a parcel of land with site area of approximately 9,857.9 sq.m.. As advised by the Group, Wangfujing Hotel with a total gross floor area of approximately 41,349.40 sq.m. was originally completed in 1995. It suspended operations in 2011 for renovation. As advised by the Group, the renovation of the property is scheduled to be completed in 2014. Upon completion of the renovation, the property has a total planned gross floor area of approximately 44,435 sq.m. and 329 guest rooms. The property is held with land use rights for a term due to expire on 22 September 2046 for commercial use.	As at the date of valuation, the property was under renovation. Upon completion of the renovation, the property will be operated as a 5-star hotel under the name "Renaissance Beijing Wangfujing Hotel "and will be subject to a management agreement with Luxury Hotels (China) International Management of Hong Kong Limited for an initial term of from 25 June 2013 to 31 December 2039.	RMB1,025,000,000 (100% interest attributable to the Group: RMB1,025,000,000)

Notes:-

(1) According to State-owned Land Use Right Certificate No. (2006) B00164 issued by 北京市人民政府 (Beijing Peoples' Government) on 9 November 2006, the land use rights of the property having a total site area of approximately 9,857.9 sq.m. have been vested in 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for a term due to expire on 22 September 2046 for commercial use.

(2) According to Building Ownership Certificate No.000121 issued on 1 February 2007, the building ownership of the property with a total gross floor area of approximately 41,349.40 sq.m. has been vested in 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for tourism use.

(3) According to Planning Permit for Construction Works No. 110000201300289 issued by 北京市規劃委員會 (Beijing Municipal Commission of Urban Planning) on 22 July 2013, the construction works of the property, situated at No.57 Wangfujing Avenue, Dongcheng District, with a total planned gross floor area of 44,435 sq.m. (of which 33,100 sq.m. is above ground and 11,335 sq.m. is underground), is in compliance with the requirement of urban and rural planning and has been approved.

(4) According to Permit for Commencement of Construction Works No. (2013) 0021 issued by 北京市東城區住房和城市建設管理委員會 (Ministry of Housing and Urban-Rural Development of Dongcheng District of Beijing) on 16 April 2013, the construction works of the property is in compliance with the requirement for works commencement and has been permitted with a total gross floor area of approximately 44,435 sq.m..

(5) As advised by the Group, the total expended construction cost for the property as at the date of valuation was approximately RMB289,294,400 whilst the outstanding construction cost for completion of the property as at the date of valuation was approximately RMB384,285,600. We have taken into account such amounts in our valuation.

(6) The market value of the property when completed is estimated at approximately RMB1,496,000,000.

(7) According to Business License No. 110000450008499 dated 30 May 2003, 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has been established as a limited company with a registered capital of USD73,345,589 and an operating period from 30 May 2003 to 29 May 2023.

(8) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Right Certificate and Building Ownership Certificate of the property are legal, valid and enforceable under the PRC laws;

(ii) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property at the current stage;

(iii) The property is subject to a legal charge dated 23 June 2009 in favour of 上海浦東發展股份有限公司 (Shanghai Pudong Development Bank Corporation); and

(iv) 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that the Group has to discharge the mortgage or obtain the mortgagee's consent in advance.

(9) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Planning Permit for Construction Works	Yes
Permit for Commencement of Construction Works	Yes
Business License.	Yes

(10) Our inspection was carried out by our valuer, Mr. Jason Wang on 11 December 2013. Mr. Jason Wang is a member of China Certified Public Valuer and has 8-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,300.

In reaching this assumption, as the subject hotel will be operated in 2014 after renovation, we have no record for the average daily room rates of the subject hotel over the past two financial years for consideration. We have taken into account of the average daily room rates of comparable hotels in the area with the range around RMB1,000 to RMB1,400. We are of the view that the short term outlook for the hotel industry in Beijing as a whole will remain positive in the absence of unforeseen and uncontrollable external factors.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

As the subject hotel will be operated in 2014 after renovation, we have no record for the occupancy of the subject hotel over the past two financial years. In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the comparable hotels were analysed and reviewed. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	**Approximate hotel occupancy rate in 2013**
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Projected occupancy rate	40%	60%	65%	65%	67%	70%	72%	75%	77%	80%

We have also taken into account of the potential benefits of the following factors:

- Renaissance Beijing Wangfujing is located in the core urban and financial area of Beijing, within 2th Ring Road. It is also located near to a number of tourist destinations such as Tiananmen Square and Forbidden City. Renaissance Beijing Wangfujing's central location and its proximity to a number of tourist attractions are expected to enhance its occupancy rate.

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Beijing. The number of domestic visitor arrivals to Beijing in 2007 and 2013 were about 140 millions and 250 millions respectively, representing a strong growth of about 10.1% per annum during this period.

- According to our analysis, estimated high end hotel supply in Beijing is expected to be relatively low during the period between 2014 and 2017. The estimated supply of new high-end hotel room count are 2,367, 1,013, 120 and 680 in 2014, 2015, 2016 and 2017 respectively.

We expect that increasing travellers and visitors to Beijing will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Beijing and that no government policies or regulations affecting the number of visitors to Beijing or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2014
13.	The under construction hotel development known as Grand Hyatt Lijiang situated at Xiangjiang Road and Ganhaizi, Yulong Snow Mountain, Lijiang, Yunnan Province, the PRC 中國雲南省麗江市香江路及玉龍雪山甘海子麗江君悦酒店在建工程	The property consists of two hotel developments under construction and known as Grand Hyatt Lijiang. One development is erected on a parcel of land to the north of Xiangjiang Road with a total site area of approximately 82,000.41 sq.m.. The other development is erected on two parcels of land with a total site area of approximately 49,737.6 sq.m., located beside Ganhaizi, Yulong Snow Mountain. As advised by the Group, the property is scheduled to be completed in 2014 and provides 400 guest rooms. Upon completion, the property will have a total gross floor area of approximately 82,063.36 sq.m. with details as follows: **Location** / **Approximate gross floor area (sq.m.)** Xiangjiang Road 57,349.00 Yulong Snow Mountain 24,714.36 Total 82,063.36 The property is held with land use rights for commercial use. For details of land use term, please see note(1).	As at the date of valuation, the property was under development. Upon completion of the development, the property will be operated as a 5-star hotel under the name "Grand Hyatt Lijiang "and will be subject to a management agreement with Hyatt International Hotel Management (Beijing) Co., Ltd. for an initial term of 20 years from the date of formal opening of the hotel.	RMB1,011,000,000 (100% interest attributable to the Group: RMB1,011,000,000)

Notes:-

(1) According to three State-owned Land Use Right Certificates, the land use rights of the property have been vested in 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) with details as follows:

Certificate No.	Date of issue	Address in Lijiang	Land Use	Expiry date of land use term	Site Area
					(sq.m.)
(2013)2660	7 May 2013	Xiangjiang Road North, Shuhe Ancient Town	Commercial	20 April 2048	82,000.41
(2010)24	8 February 2010	Ganhaizi, Yulong Snow Mountain	Hotel and Catering	30 December 2040	11,427.80
(2013)475	27 May 2013	Ganhaizi, Yulong Snow Mountain	Hotel and Catering	25 January 2053	38,309.80
				Total	131,738.01

(2) According to two Planning Permits for Construction Use of Land, the project on the land parcels is in compliance with the urban planning requirements and has been approved with details as follows:-

Certificate No.	Date of issue	Location	Site Area
			(sq.m.)
2012-25	24 September 2012	No.4 land, E Gu Luo District, Xiangjiang Road North, Ancient Town	82,000.00
530721201303008	20 June 2013	Baisha Ganhaizi	49,738.00
		Total	131,738.00

(3) According to two Planning Permits for Construction Works, the construction works of a portion of the property is in compliance with the construction requirements and has been approved with details as follows:

Certificate No.	Date of issue	Location	Gross Floor Area
			(sq.m.)
2013-254	8 May 2013	No.4 land, E Gu Luo District, Xiangjiang Road North, Ancient Town	57,087.08
530721201303025	15 August 2013	Ganhaizi, Yulong Snow Mountain	23,994.53
		Total	81,081.61

(4) According to two Permits for Commencement of Construction Works issued by 麗江市住房和城鄉建設局 (Urban and Rural Construction Bureau of Lijiang Municipal), the property is in compliance with the requirements for works commencement and has been permitted with details as follows:-

Certificate No.	Date of issue	Project name	Construction scale
			(sq.m.)
53320020131106010 1	6 November 2013	No.4 land, E Gu Luo District, Xiangjiang Road North, Ancient Town	57,349.00
53320020131118010 1	18 November 2013	Eastern of Ganhaizi, Baisha Village, Yulong	24,714.36
		Total	82,063.36

(5) As advised by the Group, the total expended construction cost for the property as at the date of valuation was approximately RMB574,756,935 whilst the outstanding construction cost for completion of the property as at the date of valuation was approximately RMB597,075,307. We have taken into account such amounts in our valuation.

(6) The market value of the property when completed is estimated at approximately RMB1,791,000,000.

(7) According to Business License No. 530700100003876 dated 9 July 2012, 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has been established as a limited company with a registered capital of RMB100,000,000 and a valid operation period from 12 March 2008.

(8) We have been provided with a legal opinion issued by the Group's PRC legal adviser, which contains, inter alia, the following information:

(i) The State-owned Land Use Right Certificates of the property are legal, valid and enforceable under the PRC laws;

(ii) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) is the sole legal land user of the property and has obtained the relevant certificates and approvals from the government in respect of the construction of the property at the current stage; and

(iii) 金茂(麗江)酒店投資有限公司 (Jin Mao (Li Jiang) Hotel Investment Company Limited) has the right to freely use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property.

(9) The status of the title and grant of major approvals and licenses in accordance with the information provided to us are as follows:-

State-owned Land Use Rights Certificates	Yes
Planning Permits for Construction Use of Land	Yes
Planning Permits for Construction Works	Yes
Permits for Commencement of Construction Works	Yes
Business License	Yes

(10) Our inspection was carried out by our valuer, Ms. Joanna Deng on 30 December 2013. Ms. Joanna Deng is a member of China Institute of Real Estate Appraisers and has 10-year experience in property valuation in the PRC.

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

(i) Average daily room rate ("ADR"): 1st year - RMB1,400.

In reaching this assumption, as the subject hotel will be operated in 2014 after completion, we have no record for the average daily room rates of the subject hotel over the past two financial years for consideration. We have taken into account of the average daily room rates of comparable hotels in the area with the range around RMB1,000 to RMB1,400. We are of the view that the short term outlook for the hotel industry in Lijiang as a whole will remain positive in the absence of unforeseen and uncontrollable external factors.

(ii) Annual growth in ADR: stabilised at 4%.

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

(iii) Occupancy rate

As the subject hotel will be operated in 2014 after completion, we have no record for the occupancy of the subject hotel over the past two financial years. In arriving at our assumptions regarding the future occupancy rate of the subject hotel, we have made reference to industry statistics in the market report attached in Appendix V in relation to overall macro-economic trends, historical demand trends, future expected hotel supply, the average daily room rates of comparable hotels in the area and other relevant factors. The performance of the comparable hotels were analysed and reviewed. In addition, we have also referred to the current hotel occupancy rate of comparable major cities in Asia, including Hong Kong, Singapore, Tokyo, Sydney and Bangkok to determine the long term hotel occupancy rate of the subject hotel. Below are the 2013 hotel occupancy rates of the comparable major cities in Asia.

City	**Approximate hotel occupancy rate in 2013**
Hong Kong	86%
Singapore	88%
Tokyo	84%
Sydney	86%
Bangkok	81%

The projected occupancy rates adopted in our 10-year DCF valuation are tabulated below.

Year	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**
Projected occupancy rate	30%	55%	60%	65%	65%	67%	70%	72%	72%	75%

We have also taken into account of the potential benefits of the following factors:

- Lijiang is a famous tourist city with rich tourism resources. It always ranks among China's top ten most popular tourism destinations for domestic and international visitors in 2013.

- The demand for hotel is estimated to be strong due to expected growth in the number of visitors to Lijiang. The number of domestic visitor arrivals to Lijiang in 2007 and 2013 were about 4.91 millions and 20.79 millions respectively, representing a strong growth of about 27.2% per annum during this period.

- The subject hotel is located close to the famous tourist attraction, Yulong Snow Mountain. It offers mountain villas facing the Yulong Snow Mountain. Such hotel is expected to be popular and sought-after among the high-end tourists in the PRC.

We expect that increasing travellers and visitors to Lijiang will allow the occupancy rate at the hotel to remain at stable levels for some time. Additionally, we do not anticipate or foresee any material or substantial changes in competition in the near future. We have also assumed there will be no material change in the political or economic conditions in Lijiang and that no government policies or regulations affecting the number of visitors to Lijiang or the travel or hotel industries generally will be implemented.

(iv) Discount rate: 8.5%.

The discount rate reflects the inherent risk associated with investment in the hotel and takes into a risk premium for the forecast cash flow to be materialized having regard to the risk free rate based on the prevailing yield of 10-year Hong Kong Exchange Fund Notes (2.3%) and expected inflation of 4%. It is considered a reasonable assumption based on our understanding of the return expected by investors for similar properties and is consistent with the level of discount rate used in valuation of similar types of properties.

(v) Terminal capitalisation rate: 4.5%.

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

VALUATION CERTIFICATE

Group V - Properties leased by the Group in the PRC

	Property	Description and tenancy particulars	Market value in existing state as at 31 March 2014
14.	Room 404, No. 5, Lane 1269, Zhangyang Road, Pudong New District, Shanghai, the PRC 中國上海市浦東新區張楊路1269弄5號404室	The property comprises a residential unit and has a total gross floor area of approximately 46.78 sq.m.. The property is occupied by the Group as staff dormitory. The property is leased from an independent third party to 中國金茂(集團)有限公司 (China Jin Mao (Group) Company Limited) for a lease term from 20 August 2013 to 19 August 2014 at a monthly rent of RMB3,800. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has provided Shanghai Certificate of Real Estate Ownership and is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenancy particulars	Market value in existing state as at 31 March 2014
15.	Unit Nos. 701-724 on 7/F, 601-624 on 6/F, 501-524 on 5/F, 301-324 on 3/F, 201-224 on 2/F, Block 3 of Crown Dormitory Building, Che Kung Temple Industrial Zone, Futian District, Shenzhen Guangdong Province, the PRC 中國廣東省深圳市福田區車公廟工業區皇冠單身宿舍第三棟二層201-224,三層301-324，五層501-524，六層601-624，七層701-724單元	The property comprises 120 residential units and has a total gross floor area of approximately 3,840 sq.m.. The property is occupied by 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) as staff dormitory. The property is leased from an independent third party to 金茂深圳酒店投資有限公司 (Jin Mao Shenzhen Hotel Investment Company Limited) for a lease term from 1 December 2012 to 30 November 2015 at a monthly rent of RMB165,120. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has not provided the Building Ownership Certificate of the property and it is not certain that the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value
16.	Unit 1120, Guozhong Commercial Building, No. 33 Dengshikou Street, Dongcheng District, Beijing, the PRC 中國北京市東城區燈市口大街33號國中商業大廈1120單元	The property comprises an office unit and has a total gross floor area of approximately 131.15 sq.m.. The property is occupied by the Group as office space. The property is leased from an independent third party to 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for a lease term from 13 January 2014 to 12 January 2015 at a monthly rent of RMB18,570.84. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has not provided the Building Ownership Certificate of the property and it is not certain that the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenancy particulars	Market value in existing state as at 31 March 2014
17.	Unit 1121, Guozhong Commercial Building, No. 33 Dengshikou Street, Dongcheng District, Beijing, the PRC 中國北京市東城區燈市口大街33號國中商業大廈1121單元	The property comprises an office unit and has a total gross floor area of approximately 150.59 sq.m.. The property is occupied by the Group as office space. The property is leased from an independent third party to 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for a lease term from 13 January 2014 to 12 January 2015 at a monthly rent of RMB21,323.54. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has not provided the Building Ownership Certificate of the property and it is not certain that the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value
18.	No.19-1, 19 of Phases 1 and 2, No. 8 Yuyang Road, Shunyi District, Beijing, the PRC 中國北京市順義區榆陽路8號一、二期19-1、19單元	The property comprises a residential unit and has a total gross floor area of approximately 200.14 sq.m.. The property is occupied by the Group as staff dormitory. The property is leased from an independent third party to 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for a lease term from 25 January 2014 to 24 January 2016 at a monthly rent of RMB29,500. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has not provided the Building Ownership Certificate of the property and it is not certain that the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value

VALUATION CERTIFICATE

	Property	Description and tenancy particulars	Market value in existing state as at 31 March 2014
19.	Unit 8A-2, Level 8, No.99 Longfusi Road, Dongcheng District, Beijing, the PRC 中國北京市東城區隆福寺街99號8層8A-2號	The property comprises a residential unit and has a total gross floor area of approximately 100 sq.m.. The property is occupied by the Group as staff dormitory. The property is leased from an independent third party to 王府井飯店管理有限公司 (Wangfujing Hotel Management Company Limited) for a lease term from 3 March 2014 to 2 November 2014 at a monthly rent of RMB6,000. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has not provided the Building Ownership Certificate of the property and it is not certain that the lessor is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value
20.	Unit No. 2-248, No. 1299 Jinmen Road, Suzhou, Jiangsu Province, the PRC 中國江蘇省蘇州市金門路1299號2-248單元	The property comprises an office unit and has a total gross floor area of approximately 120 sq.m.. The property is occupied by the Group as office. The property is leased from an independent third party to 金茂(上海)物業服務有限公司(Jin Mao (Shanghai) Property Management Co., Ltd.) for a lease term from 1 July 2013 to 30 June 2014 at a monthly rent of RMB57,600. According to a legal opinion issued by the Group's PRC legal adviser, the lessor has provided the Building Ownership Certificate of the property and is entitled to lease the property. The lease has not been registered in the relevant authority but is legal, valid and binding on both parties.	No commercial value

DTZ Debenham Tie Leung Limited, the independent market consultant, was commissioned by the Trustee-Manager and the Company to prepare a report on the property and hospitality industries in the PRC for the purpose of incorporation in this prospectus.

The Trustee-Manager and the Company have included the DTZ Market Report in this prospectus because the Trustee-Manager and the Company believe such information would facilitate investors to understand the property and hospitality markets in the PRC where the Group's business operations and the Properties are currently located. The Trustee-Manager and the Company were charged a total of RMB340,000 for the services provided by DTZ Debenham Tie Leung Limited.

DTZ 戴德梁行
a UGL company

16th Floor
Jardine House
1 Connaught Place
Central
Hong Kong

June 19, 2014

The Directors
Jinmao (China) Investments Holdings Limited (the "Company") and
Jinmao (China) Investments Manager Limited (in the capacity of trustee-manager of Jinmao Investments, the "Trust")
Rooms 4702-03, 47th Floor
Office Tower, Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

INTRODUCTION

DTZ Debenham Tie Leung Limited ("DTZ") was engaged by Jinmao Investments (the "Trust") and Jinmao (China) Investments Holdings Limited (the "Company") to provide an independent market report ("Market Report") of the hotel sectors in Shanghai, Beijing, Shenzhen, Sanya and Lijiang and the office sector in Shanghai in connection with the launch of an investment trust (the "Trust") which includes eight hotel assets — Grand Hyatt Shanghai; Hyatt Regency Chongming; The Westin Beijing Chaoyang; Renaissance Beijing Wangfujing Hotel; JW Marriot Hotel Shenzhen; The Ritz-Carlton, Sanya; Hilton Sanya Resort and Spa; Grand Hyatt Lijiang; and an asset consisting of a shopping mall portion and an office portion — Jin Mao Tower in Shanghai (retail and office portions). This Market Report is prepared for the purpose of incorporation in the prospectus of the Trust (the "Prospectus") and the information will form part of the Prospectus for the launch of the Trust.

DATE OF ASSIGNMENT

The contract engaging DTZ was executed on January 2, 2014 and the fee agreed was RMB340,000. This report contains information, estimates and assumptions that reflect market conditions as of December 2013.

DTZ is one of the world's largest real estate consulting firm, with 208 offices in 52 countries across the globe with 47,000 employees, providing expert local knowledge. The DTZ is a member of UGL Limited.

SCOPE OF SERVICES

Our scope of work for each property comprises the following content:

- **City Overview**

  Regional context and background, economic overview, tourism statistics and transportation infrastructure overview.

- **Competitive Hotel Market Overview**

  Review of each hotel market, highlighting historical performance, future supply, market outlook and average daily room rate outlook.

- **Competitive Shanghai Grade A Office Market Overview**

  Review of Shanghai Grade A Office Market, future supply, rental level and future outlook.

- **Overview of Subject Properties**

  SWOT analysis of each subject property.

STATEMENT OF PECUNIARY INTEREST

We confirm that DTZ has no pecuniary or other interest in the market that would conflict with a proper assessment or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. The position will be maintained until the purpose for which this Market Report is being obtained is completed.

INFORMATION UTILISED

Our review is based on information developed from research of the markets, discussions with professionals in the hospitality industry in the respective cities, certain information provided by the Company and DTZ's knowledge of the industry, which is integral to the outcome of our conclusions and estimations. We have also obtained data and information for this Market Report from a wide range of sources. While due care has been undertaken in the application of the information, DTZ has no responsibility to warrant or represent that such information is accurate or correct. We also have no responsibility to update this Market Report for events and circumstances occurring after the date of issuance.

ASSUMPTIONS

This Market Report is based on current as well as the likely future market conditions as perceived by the markets. The estimation of the future demand and supply for the hotel markets may not materialise, and unanticipated events and circumstances may occur; therefore, actual results may vary from our estimates and the variations may be material. We do emphasise that the estimation of the future market conditions and outlook should be regarded as an indicative assessment of possibilities rather than absolute certainties.

The major findings and conclusions are based, in part, on the following critical assumptions:

- There will be no political or administrative developments that will significantly impact general confidence in China, specifically in Shanghai, Beijing, Shenzhen, Sanya and Lijiang, to the detriment of business activity, tourist arrivals and domestic travel.

- Support infrastructure such as fresh water, sewage treatment, electricity and gas will be supplied and generated at a consistent and reliable level to maintain end-user satisfaction.

- The existing transportation system to, from and within Shanghai, Beijing, Shenzhen, Sanya and Lijiang will be maintained and improved to meet the accessibility requirements of the cities.

- The economies of the major trading, investor and tourist generating countries to the PRC, specifically Shanghai, Beijing, Shenzhen, Sanya and Lijiang, will not experience significant and sustained recession in the near future.

Yours faithfully,
for and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (GP)
Registered China Real Estate Appraiser
MSc., M.H.K.I.S., M.R.I.C.S.
Senior Director

Note: Mr. Andrew K. F. Chan was elected as a professional member of The Royal Institution of Chartered Surveyors and The Hong Kong Institute of Surveyors in 1991 and 1992 respectively. Mr. Chan is a Registered Professional Surveyor (General Practice Division) with over 26 years' of experience in various fields of the property industry in the PRC. He has been providing advice relating to property valuation, development consultancy and land administration matters in the PRC and has participated in assignments associated with property market research.

Table of Contents

HOTEL INDUSTRY IN THE PRC

Economic Conditions in China

Continuous and Rapid Growth of the PRC Economy

The PRC economy has grown significantly since the PRC government introduced economic reforms in the late 1970's. China's accession to the World Trade Organization ("WTO") in 2001 further accelerated reform of the PRC economy. According to the National Bureau of Statistics of China, China overtook Japan as the second largest economy in the world in terms of nominal gross domestic product ("GDP") in the second quarter of 2010. Strong growth in the PRC economy and per capita GDP has resulted in an increase in disposable income in China and improvement in living standards.

Overview of Tourism and Hospitality Industries in China

Continuous Increase in the Number of Travellers

The number of domestic leisure and business travellers has been increasing along with the rapid economic development in China. In addition, with the strong growth of China's export-oriented economy and its integration into the global economy, the number of visitors in China has been increasing. The following table sets out the number of each category of travellers for the periods indicated.

	2007	2008	2009	2010	2011	2012	CAGR (2007-2012)
Number of domestic travellers (in millions)	1,610	1,712	1,902	2,103	2,641	2,957	12.9%
Number of foreign inbound travellers (in millions)	132	130	126	134	135	132	0.0%

Source: China Statistical Yearbook 2011,2012 and 2013

Continuous Increase in Revenues from Tourism in China

Increase in revenues generated from tourism in China correlates with the increase in the number of travellers. The following table sets out the revenues from tourism in China for the periods indicated.

	2007	2008	2009	2010	2011	2012	CAGR (2007-2012)
Revenues attributed to domestic tourism (RMB in billions)	777	875	1,018	1,258	1,931	2,271	23.9%
Revenues attributed to foreign inbound tourism (US$ in billions)	42	41	40	46	48	50	3.5%
Total tourism revenues (RMB in billions)	1,096	1,160	1,290	1,570	2,250	2,586	18.7%
As a percentage of GDP	4.1%	3.7%	3.8%	3.9%	4.8%	5.0%	—

Source: Bulletin of Statistics of China's Tourism (2007-2012), 2012 National Economic and Social Development Statistical Bulletin

Operation Overview of the Hotel Industry

The occupancy rate of star-rated hotels remained steady. The following table sets out the occupancy rate of star-rated hotels during the periods indicated.

	2007	2008	2009	2010	2011	2012
5-star	64.6%	57.3%	51.1%	60.4%	61.9%	59.9%
4-star	63.8%	59.9%	59.7%	61.8%	62.8%	60.6%
3-star	61.3%	58.5%	59.4%	60.2%	60.8%	59.2%
2-star	56.7%	57.2%	58.2%	58.4%	57.8%	57.3%
1-star	56.8%	51.0%	51.2%	50.1%	52.1%	54.4%

Source: Bulletin of Statistics of China's Star-rated Hotels (2007-2012)

Total revenues of star-rated hotels have experienced consistent growth, with an apparent increase in food & beverage revenues as a percentage of total revenues since its drop in 2011. The following table sets out the total revenues of star-rated hotels and food & beverage revenues as a percentage of the total revenues of star-rated hotels in China from 2007 to 2012.

	2007	2008	2009	2010	2011	2012	CAGR (2007-2012)
Total revenues of star-rated hotels (RMB in billions)	165	176	182	212	232	243	8.0%
Food & beverage revenues as a percentage of the total revenues of star-rated hotels	36.6%	38.9%	40.8%	42.6%	39.2%	44.78%	—

Source: Yearbook of China Tourism Statistics from 2007 to 2012; Bulletin of Statistics of China's Star-rated hotels (2012)

Growth Drivers and the Outlook of China's Hospitality Industry

Growth Drivers of the Hospitality Industry

- *Strong Economic Growth in China*

China's nominal GDP has grown at a CAGR of 14.3% from 2007 to 2012. The growth rate is expected to remain positive during the next five years.

- *Rapid Increase in Business Travel in China*

According to the 2012 Global Business Travel Forecast announced by American Express, the recession in North America and Europe did not severely impact most of the countries in the Asia Pacific region. As a result, China will continue to have strong economic growth. 43% of the companies in China that participated in the survey expect to increase their travel and entertainment spending in the next 12 months. 78% of the interviewees said the increase in travel and entertainment budget relates to their business activities in the PRC.

Meanwhile, nationwide policies promulgated by the Chinese government that aim at stimulating domestic consumption and improving infrastructure will also have a positive effect on the increase of travel spending by China-based companies.

- *Increase in Disposable Income and Change of Lifestyle in China*

With the increase in disposable income per capita and the improvement of a paid leave system in China, the tourism industry in China has experienced rapid growth. Spending on leisure travel has been increasing, and the hospitality industry has played a significant role in stimulating domestic demand. According to the 2012 Bulletin of Statistics of China's Tourism and the 2007 Bulletin of Statistics of China's Tourism, revenue from domestic tourism as a percentage of the total revenue from tourism rose from 70.9% in 2007 to 87.8% in 2012. Vacations have become part of the lifestyle of many people in China, who consider frequent holidays an important part of the improvement of living standards.

- *Policy Support*

In December 2011, the Outline of the Plan for the Development of Tourism in China during the 12th Five-Year Plan was issued. According to the outline, tourism consumption will become a key part of national consumption. In addition the outline estimates that the total revenues from China's tourism industry in 2015 will reach RMB2,300 billion and, the value of the tourism industry as a percentage of the national GDP and as a percentage of the value of the services industry will increase to 4.5% and 12.0%, respectively.

The following table sets forth the historical growth rates and projected benchmark growth rate for the tourism industry in China from 2001 to 2015.

	Average Annual Growth Rate during the 10th Five-Year Plan (2001-2005)	Average Annual Growth Rate during the 11th Five-Year Plan (2006-2010)	Average Annual Growth Rate during the 12th Five-Year Plan (2011-2015)
Number of domestic travellers	10.3%	12.2%	9.0%
Revenues from domestic tourism	10.7%	16.9%	11.0%
Number of inbound travellers	7.6%	1.9%	3.0%
Number of inbound travellers staying overnight	8.4%	3.2%	4.0%
Tourism revenues in foreign currency	12.6%	9.5%	5.0%
Number of outbound travellers	24.3%	12.2%	10.0%
Total Revenues from Tourism	11.1%	13.5%	10.0%

Source: Outline of the Plan of Development of Tourism in China during the 12th Five-Year Plan

1. Shanghai Market

1.1 Overview of Shanghai

1.1.1 *Location and Population*

Shanghai is located in the middle portion of China's coastline, sitting at the eastern part of the Yangtze River Delta. Shanghai has a total of sixteen districts and one county, namely Huangpu District, Xuhui District, Changning District, Jing'an District, Putuo District, Zhabei District, Hongkou District, Yangpu District, Minhang District, Baoshan District, Jiading District, Pudong New District, Jinshan District, Songjiang District, Qingpu District, Fengxian District and Chongming County. By the end of 2013, Shanghai's permanent population has reached over 24 million. Shanghai is becoming an international economic centre, an international financial centre, an international trade centre and an international shipping centre.

Pudong New District is located in the eastern part of Shanghai. The State Council approved the establishment of Shanghai Pudong New District on 11 October 1992. Pudong New District has experienced stable rise in its economic development for years. Pudong New District's features as a financial centre has become more obvious in Shanghai with the addition of 21 multinational corporation headquarters, 57 regulatory financial institutions, 324 equity investment institutions and 121 financial companies in 2013.

Lujiazui Finance and Trade Zone, one of the major financial centres of Shanghai, is located in the northwest region of Pudong New District besides Huangpu River. The region is bounded by Pudong North Road and Taidong Road to the east, Lujiadu Road to the south, and is adjacent to Huangpu River to the west and north. The total area of the financial trade zone is about 28 sq. km, including a planned development area of about 6.8 sq. km.

In 1990, China's State Council announced the development of Pudong New District and the establishment of the first state-level financial development zone of China in Lujiazui. Foreign financial institutions operating a RMB business must open an office in the Lujiazui Finance and Trade Zone. As a result, many foreign banks have headquarters in Lujiazui, including those that operate a RMB business such as HSBC, Citibank, Standard Chartered Bank, and Bank of East Asia.

1.1.2 *Overview of Shanghai Tourism*

The following table sets out the data of tourist arrivals and tourism revenues for the periods indicated.

	2008	2009	2010	2011	2012	2013	CAGR
Domestic Tourist Arrivals (Millions) . .	11.006	12.361	21.463	23.079	25.094	25.991	18.8%
Domestic Tourism Revenues (RMB Billions)	161.2	191.4	252.3	278.7	322.4	296.8	13.0%
Foreign Visitor Arrivals (Millions)	6.40	6.29	8.51	8.18	8.00	7.57	3.4%
Foreign Tourism Revenues (USD Billions)	5.03	4.80	6.41	5.84	5.58	5.30	1.2%

Source: Web site of Shanghai Statistics Bureau

As of 2013, Shanghai's domestic tourist arrivals reached 25.991 million, an increase of 3.6% over the previous year, and achieved a CAGR of 18.8% compared with 2008. The number of foreign tourist arrivals reached 7.57 million, a CAGR of 3.4% compared to 2008, which is lower than the growth rate of domestic tourist arrivals. The domestic tourism revenue reached 296.8 billion in 2013, a CAGR of 13.0% compared to 2008. Tourism foreign revenue reached US$ 5.30 billion in 2013, representing a CAGR of 1.2% compared to 2008.

1.2 *Overview of Five-star Hotel Market in Shanghai*

1.2.1 *Competitive Set*

According to data from China National Tourism Administration, by the end of 2013 there are 60 five-star hotels in Shanghai with distribution as follows, eight of which are five-star hotels newly-opened in the first half of 2013, Marriott Hotel Parkview in Zhabei District will be opened during the first quarter of 2014.

In regard to the distribution of hotels in Shanghai, Pudong New District's superior economic and environmental advantages attracted 17 five-star hotels to station there. Huangpu District and Changning District are ranked second and third, respectively, in terms of the number of five-star hotels.

District in Shanghai	**No. of Five-star Hotel**
Huangpu	14
Jingan	5
Pudong New District	17
Xuhui	4
Zhabei	2
Changning	10
Putuo	2
Yangpu	1
Songjiang	3
Fengxian	2
Total	60

Grand Hyatt Shanghai is located in the Lujiazui Finance and Trade Zone of Pudong New District in Shanghai. Lujiazui Finance and Trade Zone is also a core area of Shanghai's financial and trading development. The occupants of the Grade A office space in Lujiazui Finance and Trade Zone are mainly financial investment enterprises, such as banks, insurance companies and companies in other industries such as legal, accounting, logistics, commerce, and consulting. These occupants are mainly large multinational companies and well-known domestic enterprises, who have high requirements for their corporate image and can afford higher rents. In the surrounding areas, there are a number of high-quality five-star hotels. We have selected eleven similar five-star hotels in this area as a competitive set for study and comparison with our subject hotel. The competitive set is divided into primary and secondary competitive sets and the selected hotels are all located in Pudong New District.

Selected Competitive Set, Lujiazui Finance and Trade Zone

General Facts of the Subject Hotel

No.	Name of Hotel	Address	Opening Year	Room Count
1	Grand Hyatt Shanghai	88 Century Avenue, Pudong New District	1999	555

General Facts of the Competitive Set

Primary Competitive Set

No.	Name of Hotel	Address	Opening Year	Room Count
1	Shanghai Shangri-La Hotel	33 Fucheng Road, Lujiazui	Opened in 1998 Renovated in 2009	952
2	The Ritz-Carlton Hotel Pudong, Shanghai	8 Century Avenue, Lujiazui	2010	285
3	Park Hyatt, Shanghai	100 Century Avenue, Lujiazui	2008	174
4	Inter-Continental Hotel Pudong Shanghai	777 Zhangyang Road, Lujiazui	Opened 1996 Renovated in 2008	398
5	Shanghai Kempinski Hotel, Shanghai	1222 Lujiazui Ring Road, Lujiazui	2013	686
6	Four Seasons Hotel Pudong, Shanghai	No. 210 Century Avenue	2012	187
Sub-total				2,682

Secondary Competitive Set

No.	Name of Hotel	Address	Opening Year	Room Count
7	Wyndham Grand Plaza Royale	2288 Pudong Road	2008	523
8	The Hongta Hotel	889 Dongfang Road	Opened in 2001 Renovated in 2007	328
9	Hilton Hotel, Jinjiang Shanghai EAST	889 Yanggao South Road	2001	850
10	Sheraton Hotel & Residence, Shanghai	38 Pujian Road	2007	525
11	Shanghai Pudong Marriott Hotel	15 New Jinqiao Road	2013	324
Sub-total				2,550
Total				5,232

1.2.2 *Historical Performance*

Primary Competitive Set

From 2009 to 2013, the hotels in the primary competitive set generally maintained good development trends with new projects entering the market. The overall occupancy rate remained above 50%. In 2010, the World Expo attracted a large number of group and individual tourists, boosting the demand in this market. As a result, the occupancy and average room rates reached a peak amongst recent years. However, the good momentum that the World Expo brought did not last long. Since 2011, the occupancy rate and average room rates have dropped in this market. In 2012, the occupancy rate rebounded and near to 2010 level.

Historical Performance of the Primary Competitive Set

Year	Occupancy Rate	Average Daily Room Rate	Average Revenue per Room
	(%)	**(RMB)**	**(RMB)**
2009	49.5%	1,663	824
2010	58.7%	1,848	1,084
2011	49.3%	1,577	777
2012	57.2%	1,485	850
2013 (January to November)	53.3%	1,471	783
CAGR (between 2009 and 2012)	—	-3.7%	1.0%

Source: STRG Database

Secondary Competitive Set

Similar to the primary competitive set, the occupancy rate and average room rate in the secondary competitive set experienced a substantial increase in 2010 in Pudong New District, followed by a slight drop in the following years. Due to factors such as restrictions on consumptions of public expenditure, business class customers considering to limit the cost of accommodation, and suppression of the demand for business meetings, the room rates of the hotels in the secondary competitive set may be adjusted downwards. The average daily room rate decreased slightly by 1.1% in the first 11 months of 2013 compared to the same period of the previous year, reaching RMB921 per room per day.

Historical Performance of the Secondary Competitive Set

Year	Occupancy Rate	Average Daily Room Rate	Average Revenue per Room
	(%)	(RMB)	(RMB)
2009	47.3%	901	426
2010	63.7%	994	633
2011	51.9%	936	486
2012	48.9%	931	455
2013 (January to November)	49.2%	921	454
CAGR (between 2009 and 2012)	—	1.1%	2.2%

Source: STRG Database

Overall, there is still a gap between the average daily room rate and average revenue per room between the primary and secondary competitive sets in recent years. The difference remained stable, indicating that the market is gradually maturing and the market segmentation is distinct.

1.2.3 *Additions to Supply*

Four five-star hotels are expected to enter the competitive market in the next two years, which is going to bring in a supply of 1,500 rooms. Hyatt Regency Expo Hotel, one of the four proposed hotels, is expected to open in 2015, bringing in a supply of 650 rooms.

Future Room Supply of Selected High End Hotels

Hotel Name	Location	Hotel Group	Approximate No. of Rooms
Inter-Continental Huayi Hotel	World Expo	Inter-Continental Hotels Group	400
Hilton Royal	Zhangjiang	Hilton Group	200
Shanghai Tower J Hotel	Lujiazui	Inter-Continental Hotels Group	250
Hyatt Regency Expo Hotel	World Expo	Hyatt Group	650
Total			1,500

Source: DTZ Analysis/STRG Data

Estimated New Supply of Hotel Rooms in Pudong New District (2014-2015)

	2014	2015
Additional Supply		
Inter-Continental Huayi Hotel	400	
Hilton Royal	200	
Shanghai Tower J Hotel		250
Hyatt Regency Expo Hotel		650
Annual Additional Supply	600	900
Total Supply	9,596	10,496
% Annual Growth	6.7%	9.4%

Note: *The above list of estimated new supply of high end hotel is the result of our analysis and may not include all new supply of high end hotel in the subject locality and in the future. The estimated year of opening for those new supply is also the result of our analysis and it may not be accurate due to the delay of development caused by the developers.*

1.2.4 *Competitive Market Outlook of Shanghai*

As the global economic environment gradually improves and the implementation of planned projects in Pudong New District begins, the market of five-star hotels in Pudong New District, which is a core area of business and tourism development, is showing a positive outlook. Internationally renowned hotel groups will further expand the market in Pudong. Therefore, we optimistically predict the average daily room rate for Pudong New District's five-star hotel market to remain stable or grow slightly. In addition, the completion of Shanghai Disneyland Park will bring a surge to the tourism customer base in Pudong. The occupancy rate will also show a slight upward trend.

In accordance with the 12th Five-Year Plan, the Lujiazui area along Huangpu River forms a region of tourism and leisure industries. In addition to Shanghai Disneyland Park, Pudong will feature an international tourist resort which will promote the development of the tourism and convention industries. Shanghai Disneyland Park is expected to receive around 7.3 million visitors per annum initially after its planned opening in 2015.

Shanghai Hotel Market Average Daily Room Rate Overview

- From recent data, it appears that Shanghai's hotel market performance has become more mature. The data is not volatile if the economic situation does not experience large fluctuations.

- A number of luxury hotels in Shanghai will open in the future. Due to the diversion of customers, the growth rate of the average hotel room rate will slow down.

- Based on an analysis of historical data and future supply, the average daily room rate will have steady growth.

- The market average daily room rate data is optimistic and is expected to have a compound average growth rate of 2% to 5% in the next five years.

Overview of High-end Hotel Market in Chongming Island, Shanghai

The subject hotels in Shanghai also comprise a five-star hotel in Chongming Island, which is located in the sub-urban area of Shanghai. The following is the information of this hotel.

General Facts of the Subject Hotel

No.	Name of Hotel	Address	Opening Year	Room Count
2	Hyatt Regency Chongming	Chongming Island	2014	235

Chongming Island's unique geographical location and industrial characteristics have led to a relatively late development of its high-end hotel market. Currently, there is only a small number of high-end hotels in Chongming Island and a majority of them are resort hotels. Different types of hotel rooms, including standard rooms, suites and villa are provided, resulting in a wide range of room rates. According to Ctrip information, standard room rates are about RMB580 to 1,700 per day, suite rates are about RMB880 to 3,500 per day and villas rates are about RMB8,000 to 8,800 per day.

Name	Address	Opening Year	Room Count	Average Daily Room Rate (RMB)
Shanghai Honghua Resort	No. 4897 Chenhai Road Chongming	2010	250	Standard: 580-680 Suite: 880 Villa: 8,000
Shanghai Heng Yue Xuan Isle of Islay Club	No. 379 Jiangfan Road Chongming	2012	9	Standard: 688-1,136 Suite: 888-1,596 Large Suite: 1,880-3,436
Shanghai Lan Hai International Golf Club	55 Lanhai Lane Chenjia Town	2012	15	Standard: 1,700 Suite: 2,392-6,670
Shanghai Dongtan International Conference Centre	Dongtan Tuanjiesha Chongming	Opened in 2004 Renovated in 2009	59	Standard: 680-780 Suite: 980 Villa: 8,800
Sub-total			333	

1.3 SWOT Analysis of Grand Hyatt Shanghai

Strengths

- The hotel is located in Lujiazui central business district, and is close to Metro Line No. 2. Transportation to and from the hotel is convenient.
- There are numerous national landmark buildings in the surrounding area, including high-end office buildings and international five-star hotels, with the apparent effect of agglomeration.

Weaknesses

- The hotel has been operating since 1999. Despite its recently completed and on-going renovation of hotel rooms and certain facilities, the hotel can be further improved to remain competitive.

Opportunities

- According to the 12th Five Year Plan, Pudong Lujiazui remained the focus of financial and trade development, forming part of the belt of tourism and leisure industry along Huangpu River. In addition to Shanghai Disney Park as a core project, Pudong will also feature an international tourist resort. The tourism industry will be greatly enhanced.

Threats

- There is still some new supply in the surrounding areas that will compete with the subject hotel, especially the completion of the Shanghai Centre, which will bring in new supply of Grade A office space and five-star hotel rooms.

SWOT Analysis of Hyatt Regency Chongming

Strengths

- The hotel is located close to the Shanghai Yangtze River Tunnel and Bridge, making transportation convenient.
- The high-end hotel market in Chongming Island is still in its early stages of development. The hotel is the first internationally branded five-star hotel in Chongming and enjoys the advantage of scarcity of high-end hotels in the area.
- There are numerous recreational resources in the vicinity, such as wetlands, golf courses and clubs.

Weaknesses

- The hotel is located in the sub-urban area of Shanghai and has less convenient access to the downtown area.

Opportunities

- According to the requirements of “Master Plan of Chongming (2010-2020)”, Chongming Island is proposed to be developed into an area of eco-tourism integrating leisure tourism, sports and entertainment, training and exhibitions.
- The project is located in the eastern part of Chongming Island, the region that is planned to be used for leisure, education and research, which is expected to have a relatively small impact on the environment.

Threats

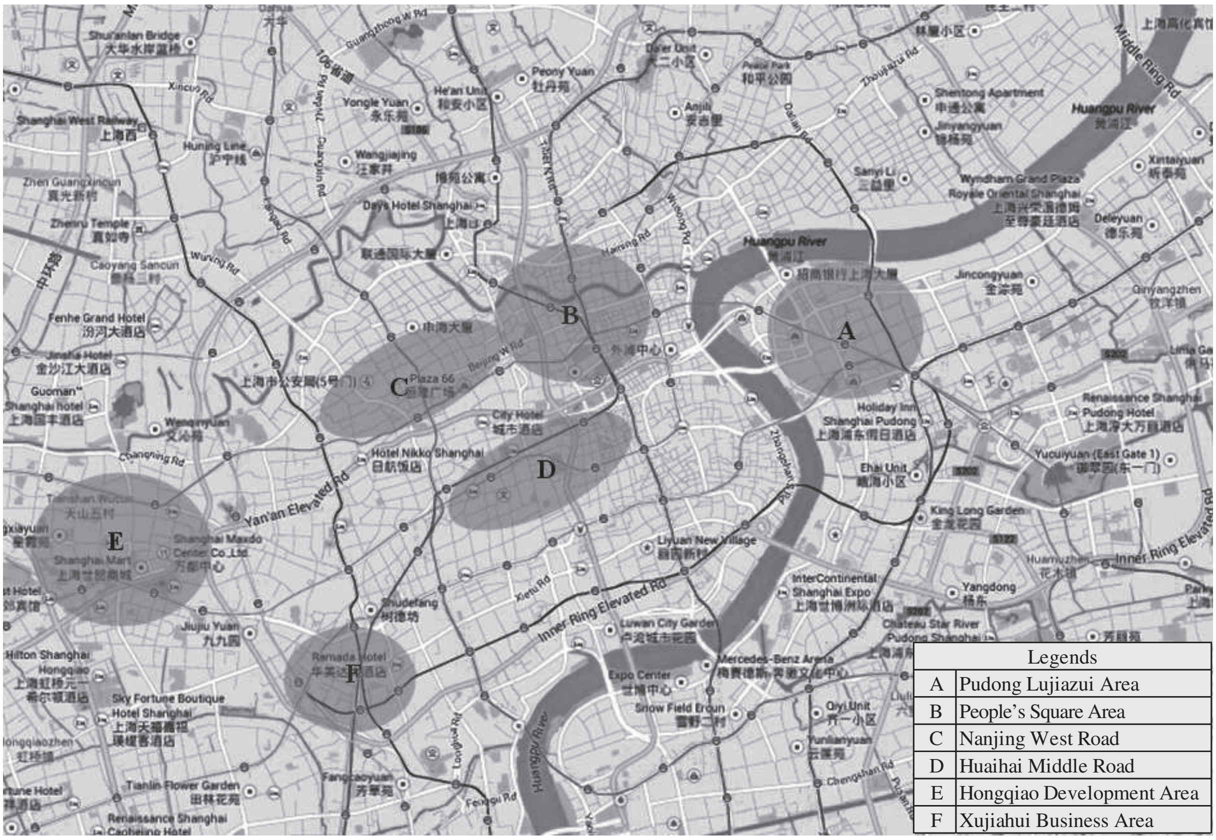
- The central government has imposed policies to strictly control public spending, which has impacted on the high-end hotel market.

1.4 Overview of Grade A Office Market in Shanghai

1.4.1 *Shanghai's Grade A Office Market*

Shanghai, as the leading city along the Yangtze River Delta, has made considerable progress in terms of the construction of an international economic centre, and therefore greatly promotes the rapid development of the local office market. Currently, the main business districts include Pudong Lujiazui Area, People's Square Area, Nanjing West Road, Huaihai Middle Road, Hongqiao Development Area and Xujiahui Business Area.

Main Business Districts of Shanghai



1.4.2 *Regional Analysis of Grade A Office Market*

Competitive Analysis by Region

"Grade A" office developments mean modern offices with high quality finishes, flexible layouts, large floor plates, spacious and well decorated lobbies and circulation areas, effective central air-conditioning, good lift services zoned for passengers and goods deliveries, and with professional management and parking facilities normally available.

Grade A offices in Pudong New District are mainly located in Lujiazui Business District, Zhuyuan Business District, Century Park Area, Zhangjiang Hi-Tech Park and Jinqiao Development Zone. The subject office is located in Lujiazui Business District in Pudong New District. Therefore we have selected similar projects in the surrounding area for a comparison analysis.

General Facts of Subject Office

No.	Name of Office	Address	Year built
1	Jin Mao Tower (office portion)	88 Century Avenue, Pudong New District	1999

Distribution of Surrounding Comparables

Facts about Surrounding Comparables

No.	District	Name	Grade	Year Built	Total GFA (sq. m.)	Office GFA (sq. m.)	Daily Unit Rent (RMB/ sq. m.)	Occupancy
1	Lujiazui	World Financial Centre	A	2008	381,600	226,900	12.5-14.5	97%
2	Lujiazui	Shanghai IFC Phase 1	A	2009	129,100	27,190	13.5-16.0	100%
3	Lujiazui	Shanghai IFC Phase 2	A	2011	127,700	82,000	12.0-16.5	96%
4	Lujiazui	Pacific Finance Tower	A	2011	110,599	93,076	8.0-9.0	98%
5	Zhuyuan	Oriental Financial Plaza	A	2011	114,881	93,583	7.5-8.0	80%
6	Zhuyuan	Lujiazui Financial Services Plaza	A	2012	91,000	72,000	6.0-8.0	97%
7	Century Park	Pudong Kerry City	A	2011	230,000	92,000	7.0-8.5	96%

Source: *DTZ Valuation and Advisory Services Division (Shanghai)*

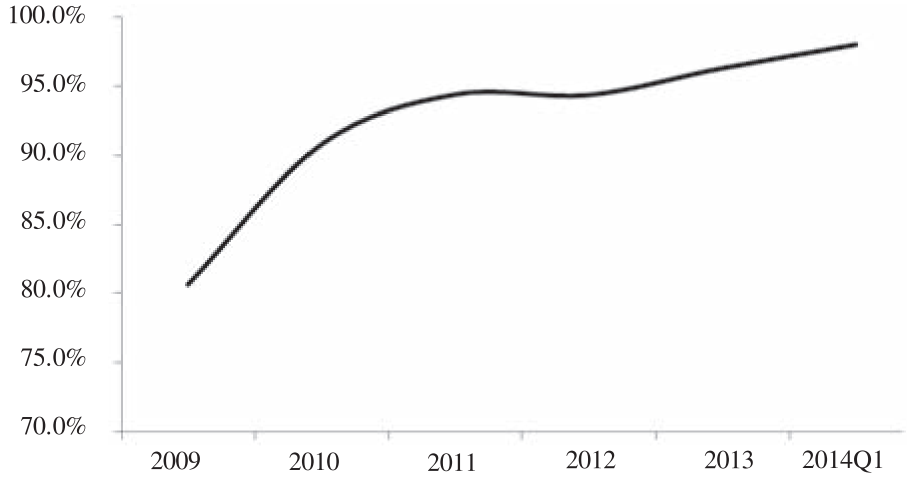
Note: *Data as of the 1st quarter of 2014*

Lujiazui Business District is the city's central business district and its occupying corporate tenants are mainly financial trading companies. The business environment is apparently better than Zhuyuan Business District and Century Park area. The quality of Grade A office space is also significantly higher than that of other regions. As shown in the surrounding comparables, the rent within the subject area is the highest level in Pudong New District, at a level of RMB8.0 to RMB16.5 per sq. m. per day. The quality of Grade A offices located in Zhuyuan Business District and Century Park area is slightly lower. Hence rent levels are basically within the range of RMB6.0 to RMB8.5 per sq. m. per day.

Increasing Demand for Grade A Office in Pudong, Shanghai

In recent years, there has been high demand in the Grade A office market in Pudong, with an increase in occupancy rate year by year. Due to the financial crisis in 2009, demand for office space of multinational corporations was suppressed, leading to a low average occupancy rate in the region. However, the global economic environment has improved since 2010 and the Pudong Lujiazui financial area has become the door for multinational enterprises to enter Shanghai. As a consequence, the occupancy rate rose rapidly and remained stable in the region. During the first quarter of 2014, the Pudong Grade A office market occupancy rate maintained a relatively high level of 98%, increased by approximately 1.7% compared to last quarter of 2013.

Occupancy Rate of Pudong Grade A Office Market



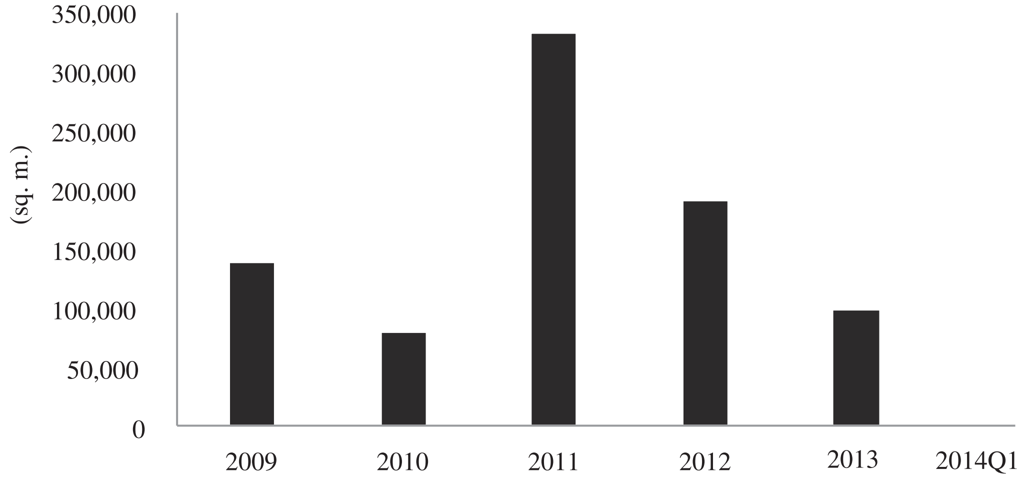
Source: DTZ Valuation and Advisory Services Division (Shanghai)

Lujiazui is the core development region of finance and trade in Shanghai. The region has a large number of well-known financial institutions. The main source of Grade A office market customers are financial investment enterprises, such as banks and insurance companies. Other customers such as legal, accounting, logistics, commerce, and consulting companies are also attracted to the Grade A offices in this area. Occupants are mainly large multinational companies and well-known domestic enterprises, which have high requirements for their corporate image and can afford high rents.

Supply and Future Supply of Grade A Office Market

The supply of Grade A office market in the Pudong New District has experienced large fluctuations in recent years. There was a large supply of more than 330,000 sq.m. in 2011. The new supply is mainly concentrated in the Small Lujiazui area, such as Shanghai International Finance Centre (IFC II) project. However, in 2013, the supply was significantly reduced, bringing about 102,000 sq.m. of new supply of Grade A office market to the Pudong New District. There was no new project enter the Pudong grade A office market during the first quarter of 2014.

Supply of Pudong Grade A Office Market



Source: DTZ Valuation and Advisory Services Division (Shanghai)

Between 2014 and 2017, it is estimated that there will be a new supply of approximately 1.03 million sq. m. of Grade A office space in Pudong New District, accounting for approximately 16% of the city's future projects. These projects are mainly located in the Lujiazui, Zhuyuan Business District and the Century Park area. The subject office still has the advantage of a scarcity of Grade A office supply in the Lujiazui area.

1.4.3 *Grade A Office Market Outlook*

Due to the scarcity of land in the core area, the Grade A office market in Pudong New District will gradually shift to the peripheral regions surrounding the Lujiazui region and other business regions. The establishment of the Pilot Free Trade Zone will also further promote the development of the Grade A office market in Pudong New District. However, due to the difference in functional orientations, the impact will be small on the Lujiazui area.

Although the international economic environment remains uncertain, the Chinese economy has more optimistic prospects. Shanghai is still the focus for national business development. In addition, the Grade A office supply in the Lujiazui area is limited and demand is still relatively strong. This will further promote the growth of office rent in the area. Therefore, we expect that the occupancy rate and average market rent levels will remain stable in the near future.

1.5 SWOT Analysis of Office Portion of Jin Mao Tower

Strengths

- The subject office is located in the Lujiazui central business district, and is close to Metro Line No. 2. Transportation to and from the subject office is convenient.
- There are numerous national landmark buildings in the surrounding areas, including high-end office buildings and international five-star hotels, with the apparent effect of agglomeration.

Weaknesses

- The headroom of the subject office is relatively lower than other office buildings of similar quality.

Opportunities

- According to the 12th Five Year Plan, Pudong Lujiazui remained the focus of financial and trade development. The establishment of the Pilot Free Trade Zone will also further promote the development of the Grade A office market in Pudong New District.

Threats

- There is still some new supply in the surrounding areas that will compete with the project, especially the completion of the Shanghai Center, which will bring in a certain new supply of Grade A office space.

2. Beijing Market

2.1 Overview of Beijing

2.1.1 *Location and Population*

Beijing, the capital of the People's Republic of China, is located in the north-eastern part of China. Beijing is adjacent to Tianjin to the east and borders Hebei Provinces. The downtown area has an area of about 87.1 sq. km.. Beijing has a total of 14 municipal districts including Dongcheng District, Xicheng District, Haidian District, Chaoyang District, Fengtai District, Shijingshan District, Fangshan District, Mentougou District, Changping District, Shunyi District, Tongzhou District, Daxing District, Huairou District and Pinggu District and two counties including Miyun County and Yanqing County.

By the end of 2013, the city's permanent population reached about 21.148 million. The urban population was about 18.251 million, accounting for 86.3% of the permanent population.

2.1.2 *Overview of Beijing Tourism*

The following table sets out the data of tourist arrivals and tourism revenues for the periods indicated.

Year	2007	2008	2009	2010	2011	2012	2013	CAGR
Domestic Tourist Arrivals (Millions)	140	140	160	180	210	226	250	10.1%
Domestic Tourism Revenue (RMB in billions)	175.4	190.7	214.5	242.5	286.4	330.1	366.6	13.1%
Foreign Tourist Arrivals (millions)	4.355	3.790	4.125	4.901	5.204	5.009	4.501	0.6%
Foreign Tourism Revenues (US$ in millions)	4,580	4,460	4,360	5,040	5,420	5,150	4,790	0.7%

Source: Bulletin of Statistics of National Economy and Social Development of Beijing (2007 to 2013) and Beijing Bureau of Statistics

Beijing is a popular choice of destination in China for foreign tourists. In 2011, the number of foreign tourists visiting Beijing reached to about 5.2 million, an increase of 6.2% from the previous year. Despite the number of foreign tourists visiting Beijing decreasing in 2012 and 2013, the total number was still more than 4.5 million. Foreign tourism revenues reached US$ 5,150 million and US$ 4,790 million in 2012 and 2013 respectively.

As the capital of China, Beijing has long been a popular destination for domestic tourists. From 2007 to 2013, Beijing domestic tourist arrivals increased by a CAGR of 10.1%, but the growth rate has slowed down slightly in recent years. By the end of 2013, Beijing domestic tourist arrivals has reached 250 million and domestic tourism revenue has reached RMB 366.6 billion.

2.2 Overview of Five-Star Hotel Market in Beijing

2.2.1 *Competitive Set*

As the capital of China, Beijing is one of China's most economically developed cities, and also one of the most important tourist destinations and business centres. The total number of five-star hotels in Beijing has ranked top in China over the past 10 years.

Operation Data of Five-Star Hotels in Beijing (2009 to 2013)

	2009	2010	2011	2012	2013	CAGR
No. of Five-Star Hotels	54	54	63	62	65	4.7%
Average Occupancy Rate	49.9%	60.4%	64.2%	63.5%	62.2%	—
Average Daily Room Rate (RMB)	750	821	795	870	858	3.4%
Total Revenue (RMB in billions)	8.49	10.53	11.89	12.86	12.06	9.2%

Source: Overview of Beijing Tourism (2009-2013)

Since the 2008 Beijing Olympic Games, developers of five-star hotels have maintained a strong interest in Beijing's hotel market. In the past five years, the average annual growth rate of the five-star hotel supply is 4.7%, while three-star or lower-rated hotels have experienced a downward trend in supply. The average occupancy rate has remained stable, while the average daily room rate has increased slightly. The total amount of revenue maintained a high growth momentum.

General Facts of the Subject Hotels

No.	Name	Address	Opening Year	Room Count
1	The Westin Beijing Chaoyang	7 East 3rd Ring North Road Chaoyang District	2008	550
2	Renaissance Beijing Wangfujing Hotel	57 Wangfujing Street Dongcheng District	2014	329
Total				879

The analysis is based on the study of 12 competitive 5-star hotels, which reflects the competitive nature of the high-end hotel market in Beijing.

General Facts of the Competitive Set

No.	Hotel	Opening Year	Room Count
Primary Competitive Set			
1	Beijing Kunlun Hotel	1988	626
2	The Regent Hotel Beijing	2006	500
3	Beijing Legendale Hotel	2008	388
4	The Peninsula Beijing	1989	525
5	Beijing Four Seasons Hotel	2012	313
6	Kempinski Hotel Beijing Lufthansa	1992	488
Sub-total			2,840
Secondary Competitive Set			
7	Hilton Beijing Wangfujing Hotel	2008	255
8	Sheraton Beijing Dongcheng Hotel	2011	441
9	Renaissance Beijing Capital Hotel	2008	521
10	Renaissance Beijing Hotel	2002	219
11	The Great Wall Sheraton Hotel Beijing	1984	827
12	Beijing Marriott Hotel Northeast	2009	311
Sub-total			2,574
Total			5,414

2.2.2 *Historical Performance*

Primary Competitive Set:

- With the improvement of the macroeconomic environment, room demand from the primary competitive set began to show a rising trend in 2009, 2010 and 2011. In 2012, the government introduced a series of measures to restrict consumption of public spending, causing Beijing's high-end hotel occupancy rate to decrease.

- In summary, the performance of primary competitive set was quite stable in terms of supply, occupancy rate and average daily room rate.

Historical Performance of Primary Competitive Set

Year	Occupancy	Average Daily Room Rate	Average Revenue per Room
	(%)	**(RMB)**	**(RMB)**
2009	50.0%	1,086	543
2010	55.7%	1,159	645
2011	63.8%	1,232	786
2012	58.8%	1,300	764
2013 (January to November)	59.7%	1,210	722
CAGR (between 2009 and 2012)		6.2%	12.1%

Source: STRG Database

Secondary Competitive Set

- In regard to demand, due to the improved economic conditions, occupancy rate in the secondary competitive set maintained a rapid growth from 40% in 2009 to 70% in 2012.

- The room rates have maintained a 3% annual increase in the secondary competitive set during the period between 2009 and 2012, with the average room rate of RMB768 in 2009 growing to RMB842 in 2012. Due to the increase in occupancy rate, average room revenue improved significantly.

- Although growth rates for room rates are not high in the secondary competitive set, revenue has increased rapidly due to the significantly improved demand over the past few years.

Historical Performance of Secondary Competitive Set

Year	Occupancy	Average Daily Room Rate	Average Revenue per Room
	(%)	(RMB)	(RMB)
2009	40.5%	768	311
2010	56.6%	782	442
2011	67.1%	817	548
2012	70.9%	842	597
2013 (January to November)	68.7%	833	572
CAGR (between 2009 and 2012)		3.1%	24.3%

Source: STRG Data

2.2.3 *Additions to Supply*

Since the end of 2009, the Beijing hotel market has rebounded from the recession. The following table shows the five-star Beijing hotel supply in the coming years.

Future Room Supply of Selected High End Hotels

Hotel Name	Address	Region	Approximate No. of Rooms
Langham Place, Beijing	9 Jishikou Road	CBD/Dongzhimen/Jianguomen	422
Guoman Hotel Beijing	39 Dongzhimenwai Avenue	CBD/Dongzhimen/Jianguomen	443
Beijing Mandarin Oriental Hotel	32 East Ring 3 Road	CBD/Dongzhimen/Jianguomen	241
Beijing Marriott Hotel	18 Sunwai Avenue	CBD/Dongzhimen/Jianguomen	407
Beijing Waldorf Astoria Hotel	5-15Jinyu Lane	Financial Street	176
Beijing Magnificent hotel	Hujialou	CBD/Dongzhimen/Jianguomen	284
Beijing Taj Hotel	—	CBD/Dongzhimen/Jianguomen	44
Beijing Changan W Hotel	2 Jianguomen Street	CBD/Dongzhimen/Jianguomen	350
Beijing Xishan Sheraton Resort	—	West of Beijing	381
Inter-Continental Beijing	—	CBD/Dongzhimen/Jianguomen	320
Hilton Beijing Tongzhou	—	South of Beijing	312
Bulgari Hotel Beijing	8 Xinyuan South Road	South of Beijing	120
Sheraton Hotel Beijing Lize	—	South of Beijing	360
The Regent Beijing Daxing	—	South of Beijing	320
			4,180

Source: DTZ Analysis/STRG Data

Estimated New Supply of Hotel Rooms in Beijing (2014-2017)

	2014	2015	2016	2017
Additional Supply				
Langham Place, Beijing	422			
Guoman Hotel Beijing	443			
Beijing Mandarin Oriental Hotel	241			
Beijing Marriott Hotel	407			
Beijing Waldorf Astoria Hotel	176			
Beijing Magnificent hotel	284			
Beijing Taj Hotel	44			
Beijing Changan W Hotel	350			
Beijing Xishan Sheraton Resort		381		
InterContinental Beijing		320		
Hilton Beijing Tongzhou		312		
Bulgari Hotel Beijing			120	
Sheraton Hotel Beijing Lize				360
The Regent Beijing Daxing				320
Annual Additional Supply	2,367	1,013	120	680
Total Supply	31,067	32,080	32,200	32,880
% Annual Growth	8.2%	3.3%	0.4%	2.1%

Source: DTZ Analysis/STRG Data

Note: The above list of estimated new supply of high end hotel is the result of our analysis and may not include all new supply of high end hotel in the subject locality and in the future. The estimated year of opening for those new supply is also the result of our analysis and it may not be accurate due to the delay of development caused by the developers.

Beijing Hotel Market Average Daily Room Rate Overview

- From recent data, it appears that Beijing's hotel market performance has become more mature. The data is not volatile if the economic situation does not experience large fluctuations.

- A number of luxury hotels in Beijing will open in the future. Due to the diversion of customers, the growth rate of the average hotel room rate will slow down.

- Based on an analysis of historical data and future supply, the average hotel room rate will have steady growth.

- The market average rent data is more optimistic and is expected to have a compound average growth rate of 2% to 5% in the next five years.

2.3 SWOT Analysis of The Westin Beijing Chaoyang

Strengths	Weaknesses
• The hotel is located in the Sanyuan Bridge area and next to a main road of 3rd Ring Road, which is an excellent location with strong visibility. The airport is located within a 20-minute drive. • The Westin is a high-end hotel brand, with a high degree of brand recognition and consumer appeal globally.	• The area of the conference venue is relatively small at present, making it less suitable for organizing large-scale exhibitions and meetings.

Opportunities	Threat
• There are numerous embassies in the surrounding areas, attracting long-term foreign customers.	• There are numerous high-end branded hotels in the surrounding areas, including Kempinski, Hilton, Kunlun Hotel and the newly opened Four Seasons Hotel. The competition is fierce in the market.

SWOT Analysis of Renaissance Beijing Wangfujing Hotel

Strengths	Weaknesses
• The hotel is located in Beijing central business district, close to Tiananmen Square, the Forbidden City and other tourists attractions. • The hotel is located in the geographical centre of Beijing, and transportation to the various regions of Beijing is very convenient. • Marriott International is one of the world's most famous hotel management companies. As a brand under Marriott, Renaissance Beijing Wangfujing Hotel has a very good reputation and high brand appeal.	• The Hotel was built in 1995. Some internal structures may not be renovated to meet the standards of a modern luxury hotel.

Opportunities	Threats
• The hotel is currently undergoing renovation and reconstruction. The hardware of the hotel will reach a higher standard, enhancing its market competitiveness.	• Many of the high-end, branded hotels in the Wangfujing area, including but not limited to Waldorf, Peninsula, Songhe, Hilton, Sunworld Dynasty Hotel, will pose a threat to the hotel.

3. Shenzhen Market

3.1 Overview of Shenzhen

3.1.1 *Location and Population*

Shenzhen is a coastal city in southern China. Located in the southern part of Guangdong Province, Shenzhen abuts Daya Bay and Dapeng Bay to the east, the Pearl River estuary to the west, Shenzhen River and Hong Kong to the south and Dongguan and Huizhou to the north.

The total land area within the administrative area of Shenzhen is 1,952.84 sq. km.. Shenzhen has six administrative regions, including Luohu, Futian, Nanshan, Yantian, Bao'an and Longgang. Shenzhen has four new districts including Guangming New District, Pingshan District, Dapeng District and Longhua District. In 2013, the permanent population reached to about 10.629 million, an increase of 0.8% compared to 2012.

3.1.2 *Overview of Shenzhen's Tourism*

Shenzhen is a newly developed city that is located on the east side of the Pearl River Delta and in close proximity to Hong Kong. Its special geographical location brought rapid development to the city. Overall, Shenzhen does not have many historical and cultural attractions. Its main attractions are modern theme parks, such as Minsk World, Happy Valley, Splendid China, Sea World and Meisha Beach.

The following table sets out the data of tourist arrivals and tourism revenues for the periods indicated.

	2007	2008	2009	2010	2011	2012	2013	CAGR (%)
Domestic Tourist Arrivals (million)	17.29	17.90	19.44	22.65	26.28	29.41	33.52	11.7%
Foreign Visitor Arrivals (million)	8.31	8.70	8.96	10.21	11.05	12.06	12.15	6.5%
Foreign Tourism Revenue (US$ billion)	2.62	2.71	2.76	3.18	3.75	4.33	4.53	9.6%

Source: Bulletin of Statistics of National Economy and Social Development of Shenzhen(2007-2013)

As of 2013, Shenzhen's annual domestic tourist arrivals reached 33.52 million, an increase of 14% over the previous year, and achieved a CAGR of 11.7% compared with 2007. The annual number of overseas tourist arrivals reached 12.15 million, a CAGR of 6.5% compared to 2007, which is lower than the growth rate of domestic tourist arrivals. Foreign tourism revenue reached US$4.53 billion in 2013, representing a CAGR of 9.6% compared to 2007.

Proportion of Domestic and International Tourists Visiting Shenzhen (2007-2013)

	2007	2008	2009	2010	2011	2012	2013
Domestic Tourists	67.53%	67.30%	68.44%	68.93%	70.41%	70.91%	73.40%
International Tourists	32.47%	32.70%	31.56%	31.07%	29.59%	29.09%	26.60%

Source: Bulletin of Statistics of National Economy and Social Development of Shenzhen(2007-2013)

From 2007 to 2013, the growth rate of the number of domestic tourists is slightly higher than that of international tourist arrivals. The proportion of international tourists fell to 26.60% from 32.47 %, and the proportion of domestic tourists rose to 73.40% from 67.53%.

During the past few years, the overall economy of Shenzhen has had good growth momentum driven by the development of China's overall economy. Transportation and infrastructure supporting tourism and business gradually improved. As China's important transit point, Shenzhen will have increasing commerce, more exhibitions and general business activity as the economy continues to develop.

3.2 Overview of Five-Star Hotel Market in Shenzhen

3.2.1 *Competitor Analysis*

General Facts of the Subject Hotel

No.	Name of Hotel	Address	Opening Year	Room Count
1	JW Marriott Hotel Shenzhen	Chegong Temple Area, Futian District	2009	411

The analysis is based on the study of nine competitive hotels, which reflects the competitive nature of the high-end hotel market in Shenzhen.

General Facts of the Competitive Set

No.	Hotel	Star Rank	Opening Year	Room Count
Primary Competitive Set				
1	Shenzhen Donghai Langham Hotel	5	2012	349
2	Futian Shangri-La Shenzhen	5	2008	528
3	Sheraton Shenzhen Hotel	5	2007	354
4	Venice Hotel Shenzhen	5	2001	368
5	InterContinental Shenzhen	5	2007	540
Sub-Total				2,139
Secondary Competitive Set				
6	Grand Hyatt Shenzhen	5	2009	471
7	The Ritz-Carlton, Shenzhen Galaxy	5	2009	280
8	Kempinski Hotel Shenzhen	5	2006	390
9	The Westin Shenzhen Nanshan	5	2008	193
Sub-Total				1,334
Total				3,473

Source: DTZ Analysis/STRG data

3.2.2 *Historical Performance*

Primary Competitive Set Performance

- With the economic recovery in Shenzhen, the performance of primarily competitive set is steady.

Primary Competitive Set Performance

Year	Occupancy	Average Daily Rate	Average revenue per room
	(%)	(RMB)	(RMB)
2009	45.8	1,039	476
2010	65.2	1,011	660
2011	67.4	1,151	776
2012	62.9	1,152	725
2013 (January to November)	63.1	1,137	782
CAGR (between 2009 and 2012)		3.5%	15.1%

Secondary Competitive Set Performance

The performance of secondary competitive set also shows a steady growth of occupancy rate, average daily room rate and average revenue per room.

Secondary Competitive Set Performance

Year	Occupancy	Average Daily Rate	RevPAR
	(%)	(RMB)	(RMB)
2010	51.9	1,081	560
2011	67.4	1,223	825
2012	68.9	1,269	875
2013 (January to November)	70.4	1,250	879
CAGR (between 2010 and 2012)		8.3%	25.0%

Source: DTZ Analysis/STRG Data

3.2.3 *Additions to Supply*

Futural Room Supply of Selected High End Hotels

Name	Address	Room Count
JW Marriott Shenzhen	Bao'an District	353
Hilton Shenzhen Futian	Shennan Avenue	322
Houhai Marriott Hotel Shenzhen	Houhai Road and Haide Yi Road	354
Shenzhen Hard Rock Hotel	MH Centreville Shenzhen	280
Hyatt Regency Shenzhen	Yantian District	299
Shenzhen Airport Hyatt Regency	Shenzhen Airport	350
Mandarin Oriental Hotel Shenzhen	Futian District	190
Raffles Hotel	Dongbin Road and Keyuan Avenue	200
Fu Tian Baiyue Hotel	Yitian Road	223
Total		2,571

Source: DTZ Analysis/STRG Data

Estimated New Supply of High End Hotels in Shenzhen

	2014	2015	2016	2017	2018
New Supply					
JW Marriott Shenzhen	353				
Hilton Shenzhen Futian		322			
Houkai Marriott Hotel Shenzhen		354			
Shenzhen Hard Rock Hotel		280			
Hyatt Regency Shenzhen			299		
Shenzhen Airport Hyatt Regency			350		
Mandarin Oriental Hotel Shenzhen				190	
Raffles Hotel					200
Fu Tian Baiyue Hotel					223
New Supply per year	353	956	649	190	423
Total Supply	4,640	5,596	6,245	6,435	6,858
% Annual Growth	8.2%	20.6%	11.6%	3.0%	6.6%

Source: DTZ Analysis/STRG Data

Note: The above list of estimated new supply of high end hotel is the result of our analysis and may not include all new supply of high end hotel in the subject locality and in the future. The estimated year of opening for those new supply is also the result of our analysis and it may not be accurate due to the delay of development caused by the developers.

3.2.4 *Hotel Market Overview in Shenzhen*

As one of China's important economic cities, Shenzhen relies on its unique geographical location and traffic conditions. In the foreseeable future, its status as a trade and transportation hub will not change. Instead, with the gradual use of transportation infrastructure such as the Hong Kong-Zhuhai-Macao Bridge and the integration of Hong Kong and Shenzhen, the Pan-Pearl River Delta's regional integration will become more apparent. Besides, based on the existing industrial and exhibition base in Shenzhen and the continuous improvement in the economic environment, the occupancy rate will remain modest and experience stable growth. However, with the opening of a number of high end hotels in the next three to five years, competition between these high end hotels is expected to be fierce.

Shenzhen Hotel Market Average Daily Room Rate Overview

- From recent data, it appears that Shenzhen's hotel market performance has become more mature. The data is not volatile if the economic situation does not experience large fluctuations.

- A number of high end hotels in Shenzhen will open in the future. Due to the diversion of customers, the growth rate of the average hotel room rate will slow down.

- The average daily room rate is expected to have a compound average growth rate of 2% to 5% in the next five years.

3.3 SWOT analysis of JW Marriot Hotel Shenzhen

Strengths	Weaknesses
• JW Marriott is Marriott's high-end hotel brand, with a high degree of brand recognition in the market. • JW Marriott Hotel is a high-end business hotel in Shenzhen with good facilities and management.	• The dining and meeting rooms are relatively small. This may affect the ability to hold large scale events.

Opportunities	Threats
• The hotel is located in the area of Shenzhen where large scale exhibitions are often held, , surrounded by high value-added industries and supported by a mature business environment. • The overall business environment in Shenzhen is expected to improve significantly after the developments of Qianhai and HK-Zhuhai-Macao Bridge is completed.	• Shenzhen is expected to have a supply of 9 new luxury hotels supply by 2018. These new hotels will attract customers and pose a threat. • Service apartments in Shenzhen such as Shenzhen Happy Coast Marriott Executive Apartments and Somerset Garden City Shenzhen. will attract business customers and pose a threat.

4. Sanya Market

4.1 Overview of Sanya

4.1.1 *Location and Population*

Sanya is located at latitude 18 , at the southernmost tip of China's Hainan Island. Sanya has a tropical monsoon climate. The annual average temperature is 25.4 degrees centigrade. The annual sunshine time is about 2,563 hours. Sanya is the second largest city in China's largest special economic zone, Hainan Province. It is the transportation and communication hub in southern Hainan Province. Sanya is the most important foreign trade port on China's southernmost golden coastline, where China opens up to the world. It is the southern gateway of China and is in development to become a new tourism spot with tropical seaside scenery.

Sanya has a total land area of about 1,919.58 sq. km. and a total sea area of about 6,000 sq. km.. There are 40 small islands and 10 main islands. The urban area is surrounded by mountains to the north and with sea bays to the south comprising Big East Bay, Small East Bay and Sanya Bay.

At the end of 2012, the city's registered population reached 572,500. The city's permanent population reached 720,000 people. The strong local culture and colourful ethnic customs and art have attracted a large number of domestic and foreign visitors.

4.1.2 *Overview of Sanya's Tourism*

Sanya is located at the southernmost tip of Hainan Island and is a tropical coastal tourist city. Sanya possesses rich tourism resources including sunny weather, beautiful landscape of the sea and the beach, forests, hot springs, caves, gardens, and culture. Sanya has 5A level scenic spots such as Nanshan, Daxiaodongtian, 4A level scenic spots such as Yalong Bay and Tianyahaijiao, as well as famous attractions such as Luhuitou, West Island and Wuzhizhou Island.

Sanya Tourism Statistics 2007-2013

	2007	2008	2009	2010	2011	2012	2013	CAGR
Domestic Overnight Visitors Arrivals (million)	4.862	5.53	6.37	8.41	9.68	10.54	11.81	15.9%
International Visitor Arrivals (million)	0.522	0.512	0.318	0.415	0.529	0.481	0.482	-1.3%
Tourism Revenue (RMB billion)	8.011	9.105	10.377	13.964	16.071	19.222	23.333	19.5%

Source: Statistics of National Economy and Social Development of Sanya (2007-2012), China Market Research Web

Data of Domestic and International Tourists, Sanya (2007-2013)

	2007	2008	2009	2010	2011	2012	2013
Domestics Visitors	90%	92%	95%	95%	95%	96%	96%
International Visitors	10%	8%	5%	5%	5%	4%	4%

Source: Statistics of National Economy and Social Development of Sanya (2007-2012), China Market Research Web

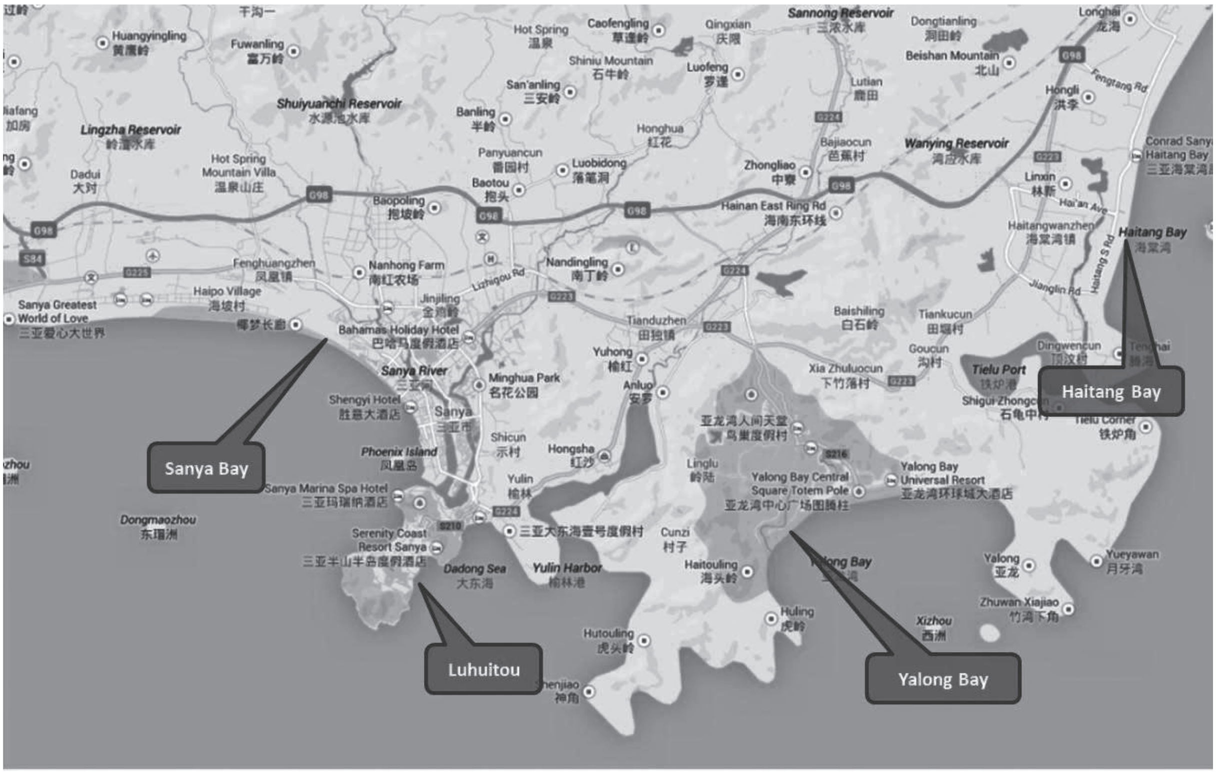
From 2007 to 2013, the growth rate of the number of domestic tourists was slightly higher than that of international tourist arrivals. International tourist arrivals in Sanya decreased from 10% to 4%, while the proportion of domestic tourists rose from 90% to 96%.

Tourism Development

Sanya tourism relies on its own natural resources, particularly on the natural landscape, coastal resources and tropical resources. The main coastal resources undergoing tourism development are Yalong Bay, Luhuitou, West Island and Wuzhizhou Island; Yanoda Rainforest, and Luobidong are the tropical resources undergoing tourism development. The government is also gradually integrating coastal tourism resources. In addition to Sanya Yalong Bay, which is already well developed, Haitang Bay has also attracted attention from governments, developers and visitors. There have been two newly opened hotels over the past two years, and more are expected to be built soon.

As a coastal tourist city, the local government has a long-term development plan for Sanya's coastline resources in order to build a sustainable tourism market.

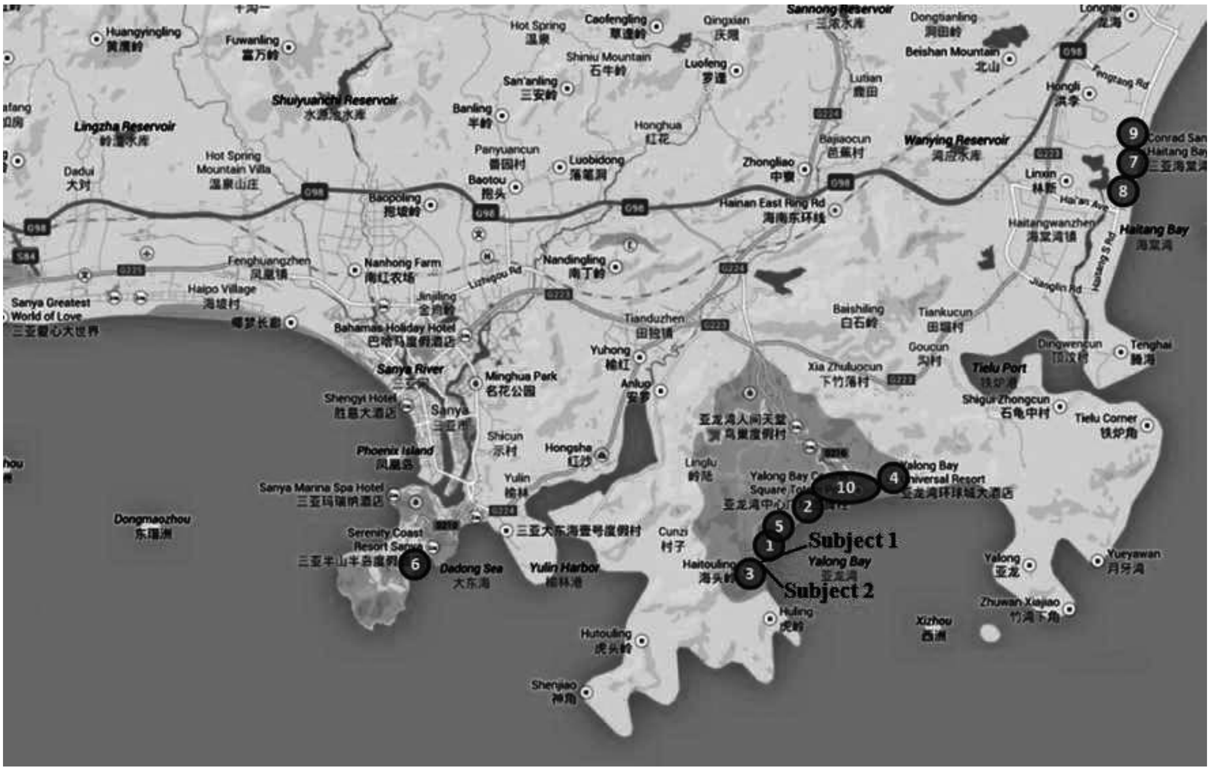
Locations of the Main Sanya Tourist Bay Area



4.2 Overview of Five-Star Hotel Market in Sanya

4.2.1 *Competitive Set*

The analysis is based on the study of 10 competitive hotels, which reflects the competitive nature of the high-end hotel market in Sanya.



General Facts of the Subject Hotels

No.	Name of Hotel	Address	Opening Year	Room Count
1	The Ritz-Carlton, Sanya	Yalong Bay National Resort District	2008	450
2	Hilton Sanya Resort and Spa	Yalong Bay National Resort District	2006	501

No.	Hotel	Opening Year	Room Count
Primary Competitive Set			
1	Sheraton Sanya Resort	2003	511
2	Sanya Marriott Resort & Spa	2004	452
3	The St. Regis Sanya Yalong Bay Resort	2012	396
4	MGM Resort Sanya	2012	675
Sub-total			2,034
Secondary Competitive Set			
5	Pullman Sanya Yalong Bay Resort	2008	193
6	InterContinental Sanya Resort	2010	342
7	The Royal Begonia, Sanya Hotels	2012	160
8	Kempinski Hotel Sanya Haitang Bay	2012	399
9	Sheraton Sanya Haitang Bay Resort	2012	500
10	Yalong Bay Mangrove Tree Resort	2005	500
Sub-total			2,094
Grand Total			4,128

Source: DTZ Research/STRG Data

4.2.2 *Historical Performance*

Historical Performance of Competitive Set

Year	Occupancy	Average Daily Room Rate	Average Revenue per Room
	(%)	(RMB)	(RMB)
2007	61.3	1,041	638
2008	55.2	1,251	691
2009	56.7	1,286	728
2010	57.9	1,469	850
2011	58.4	1,515	885
2012	49.0	1,442	706
2013 (January to October)	51.6	1,286	696
CAGR (between 2007 and 2012)		6.73%	2.05%

Source: DTZ Research/STRG Data

The number of available room nights has a growing trend in Sanya's high-end hotel market from 2007 to 2012. The increase was primarily due to the construction of large luxury hotels. State Council approved the construction of "Hainan International Tourism Island comprehensive experimental zone" in 2009. As a result, a large number of luxury hotels were built in Sanya in 2011 and 2012, causing available room nights to grow rapidly in these two years. There are a large number of hotels in Haitang Bay currently under construction because of the tourism development in Haitang Bay area. This will once again increase the available room nights in the future.

Due to the impact of the economic crisis in 2008, the number of room nights demand decreased in the Hainan tourism market. In 2009, with the proposal to create an international tourist island of Hainan for the increasing tourism demand, a number of visa policies were enacted such as visa-free and visa on arrival options for visitors. Meanwhile, the government took the lead to promote tourism in various nations, increasing domestic and international tourism, and stimulating the travel demand in 2009. As a consequence room nights demand improved significantly. Furthermore, the opening of East Central Railway in 2010 shortened the travelling time from Haikou to Sanya to two hours. The convenience of transportation has also elevated the demand for room nights.

4.2.3 *Additions to Supply*

Estimated New Supply of High End Hotels in Sanya

Hotel	Address	Room Count
Waldorf Astoria Hotel Sanya Haitang Bay	Haitang Bay	270
Sanya Haitang Bay Shangri-La Hotel	Haitang Bay	514
InterContinental Sanya Haitang Bay Resort Kaaba	128 Haitang Bay Road	297
Sofitel Hotel Sanya Haitang Bay	Haitang Bay	470
Grand Hyatt Hotel Sanya Haitang Bay	68 Begonia Bay Road	421
Jumeirah Hotels	Clearwater Resort	250
Swissotel Sanya	Haitang Bay	300
Wyndham Grand Hotel Sanya	Haitang Bay	210
Three Yayi Di Hudson Hotel	Haitang Bay	526
Sanya Marriott East China Sea	Big East Bay	420
Bay St. Regis	Clearwater Resort	227
Steigenberger Hotel Haitang Bay Borg	Haitang Bay	102
Serenity Coast Resort	Big East Bay	350
		4,357

Source: DTZ Research/STRG Data

	2014	2015	2016	2017	2018
Additional Supply					
Sanya Haitang Bay Shangri-La Hotel	514				
Sofitel Hotel Sanya Haitang Bay	470				
Grand Hyatt Hotel Sanya Haitang Bay	421				
Waldorf Astoria Hotel Sanya Haitang Bay		270			
Three Yayi Di Hudson Hotel		526			
Sanya Marriott East China Sea		420			
Steigenberger Hotel Haitang Bay Borg		102			
Jumeirah Hotels			250		
Swissotel Sanya			300		
Serenity Coast Resort				350	
InterContinental Sanya Haitang Bay Resort Kaaba					297
Wyndham Grand Hotel Sanya					210
Bay St. Regis					227
Annual Additional Supply	1,405	1,318	550	350	734
Total Supply	11,361	12,679	13,229	13,579	14,313
% Annual Growth	14.1%	11.6%	4.3%	2.6%	5.4%

Source: DTZ Research/STRG Data

Note: The above list of estimated new supply of high end hotel is the result of our analysis and may not include all new supply of high end hotel in the subject locality and in the future. The estimated year of opening for those new supply is also the result of our analysis and it may not be accurate due to the delay of development caused by the developers.

Overview of Average Daily Room Rate in Yalong Bay Hotel Market

- From recent data, the Yalong Bay hotel market appears to be more mature with minimal volatility.
- A number of hotels in Haitang Bay will open in the future, which will slow down the growth rate of the average daily rent.
- Based on an analysis of historical data and future supply, the average daily rental rate showed positive trends.
- Yalong Bay hotel market has matured after rapid development. We expect a CAGR of 2% to 4% for the next five years.

4.3 SWOT analysis of The Ritz-Carlton, Sanya and Hilton Sanya Resort and Spa

Strengths of The Ritz-Carlton, Sanya

- As a high-end hotel brand of the Marriott, the hotel has a high degree of brand recognition globally.
- Located in Yalong Bay, the hotel has convenient transportation to Sanya Phoenix Airport, which is only a 25-minute drive away.
- The average room size is larger than that of other hotels in the surrounding areas. There is also a larger number of villas attracting customers with higher spending power.
- It is the only luxury boutique hotel in Sanya, equipped with boutiques of luxury goods and the largest spa in Asia, as well as good meeting room facilities.

Weaknesses of The Ritz-Carlton, Sanya

- The beach adjacent to the hotel is not very wide.

Strengths of Hilton Sanya Resort and Spa

- Hilton is a high-end hotel brand and has a high degree of brand recognition globally.
- Located in Yalong Bay, the hotel has convenient transportation to Sanya Phoenix Airport, which is only 25-minute drive away.
- The hotel has a variety of food and beverages options and good meeting facilities.

Weaknesses of Hilton Sanya Resort and Spa

- The beach adjacent to the hotel is not very wide.

Opportunities and Threats of The Ritz-Carlton, Sanya and Hilton Sanya Resort and Spa

Opportunities

- Yalong Bay, where the hotel is located, is famous and is a well developed tourism area. It has highly attractive to tourists and it is expected nearly no new supply of high end hotel in this area.
- Many hotels have opened along the coastline along the Yalong Bay, forming a mature and large scale business environment. Tourism attractions in the surrounding areas include the underwater world, a rainforest and golf courses.
- Phoenix International Airport officially opened in 1994. The passenger throughput exceeded 11.34 million in 2012. The expansion of the airport will allow more domestic and international tourists to visit Sanya, hence will increase the demand in the hotel market.

Threats

- Haitang Bay on Hainan Island has become the government's new target area for tourism development. There is a total of 28 planned hotels, of which 12 have already opened. These new hotels are constructed with a high standard. The offers of discounted room rates during the initial grand opening will attract visitors to Haitang Bay and pose a threat to the hotels in Yalong Bay.

5. Lijiang

5.1 Overview of Lijiang

5.1.1 *Location and Population*

Yunnan Province is located on China's south-western border. Yunnan Province is adjacent to Guangxi Zhuang Autonomous Region and Guizhou Province to its east, and it borders Sichuan Province to its north and Tibet Autonomous Region to its northwest. Yunnan Province borders Myanmar to its west, Laos to its south and Vietnam to its southeast. Lijiang is one of the eight county-level cities in Yunnan Province and is located on the southern border of the Tibetan Plateau. It has a total area of about 21,219 sq. km. and a population of about 1.1 million. Lijiang has five counties, including Gucheng County, Yongsheng County, Huaping County, Yulong Naxi Autonomous County and Ninglang County.

Lijiang's history can be traced back to 800 years ago. It was built in the year 476 and was an important city in the ancient Tea-Horse Road, having made great contributions to Yunnan-Tibet commercial and cultural exchanges.

5.1.2 *Overview of Lijiang Tourism*

Lijiang, with its rich tourism resources, ranked among China's top ten most popular tourist destinations. Since 1997, Lijiang has been listed as a World Heritage Site, attracting both domestic and international visitors. Since the opening of the Banyan Tree resort in Lijiang in 2006, internationally-renowned hotel brands (such as Pullman, Crowne Plaza, and Indigo) have settled in Lijiang, driving more international tourists to Lijiang.

Tourism Statistics of Lijiang (2007-2013)

	2007	2008	2009	2010	2011	2012	2013	CAGR
Domestic Visitors Arrivals (million)	4.91	5.79	7.06	8.49	11.08	15.14	19.80	26.2%
Domestic Tourism Revenues (RMB in billions)	4.932	5.945	7.699	9.897	13.573	19.296	25.651	31.6%
Foreign Visitors Arrivals (million)	0.40	0.47	0.53	0.61	0.76	0.85	0.99	16.3%
Foreign Tourism Revenue (US$ in millions)	119.0	148.3	170.8	202.2	253.6	288.8	358.1	20.2%

Source: Bulletin of Statistics of National Economy and Social Development of Lijiang (2006-2013)

In 2013, the annual number of domestic tourists visiting Lijiang reached 19.80 million, an increase of about 30.8% over the previous year, and achieved a CAGR of 26.2% compared with 2007. The annual number of international tourist arrivals reached 990,000 visitors in 2013 and achieved a CAGR of 16.3% compared to 2007, which was slightly lower than the growth rate of domestic tourist arrivals. Domestic tourism revenue and foreign tourism revenue reached RMB25.651 billion and US$358.1 million respectively or CAGRs of 31.6% and 20.2%, respectively.

Proportion of Domestic and International Tourists in Lijiang

	2008	2009	2010	2011	2012	2013
Domestic Tourists	93%	93%	93%	94%	95%	95%
International Tourists	7%	7%	7%	6%	5%	5%

Source: Lijiang Tourism Statistical Yearbook (2008-2013)

From 2008 to 2013, the growth rate of the number of domestic tourists was slightly higher than that of international tourist arrivals. International tourist arrivals in Lijiang decreased from 7% to 5%, while the proportion of domestic tourists rose from 93% to 95%.

Tourism Planning and Development of Lijiang

Yunnan has abundant tourism resources such as preserved scenery and natural resources, and is one of the famous tourist resorts in western China, receiving a large number of tourists every year. Kunming, Dali, Lijiang, Xishuangbanna and Shangri-La are all popular tourist destinations. After years of construction, Yunnan has formed six major tourist routes, namely Yunnan vacation leisure travel, Northwest La ecological and cultural tourism, western exotic tours, rainforest style south-western Yunnan tour, South-eastern Karst landscape wonders tour and cultural tour ancient Dian northeast.

Shangri-La is located in northwestern Yunnan, Lijiang, with eco-tourism in the region, and is one of the twelve core focuses in the development of tourism regions in China during the 11th Five-Year Plan. In terms of the city's advantages in tourism development, not only does the city possess three heritage sites including Lijiang cultural heritage, which is a World Heritage Site, the city is also the most prominent tourism city in western Yunnan in terms of location, resources, urban infrastructure and tourist reception capacity. With the expansion of the Lijiang airport, the opening of the Dali railway and the extension of the Yunnan-Tibet railway, Lijiang's position as the distribution centre of Shangri-La and a tourism city will become increasingly prominent. In summary, Lijiang tourism development remains the focus of future urban planning. According to "2004-2020 Lijiang tourism development vision", Lijiang tourism revenue will double in 2020 compared to that in 2010, reaching RMB 16 billion, and accounting for 60% of the city's GDP, Tourism will play an important role in the city's economy, achieving the goal of strengthening the city's tourism industry.

5.2 Overview of Five-Star Hotel Market in Lijiang

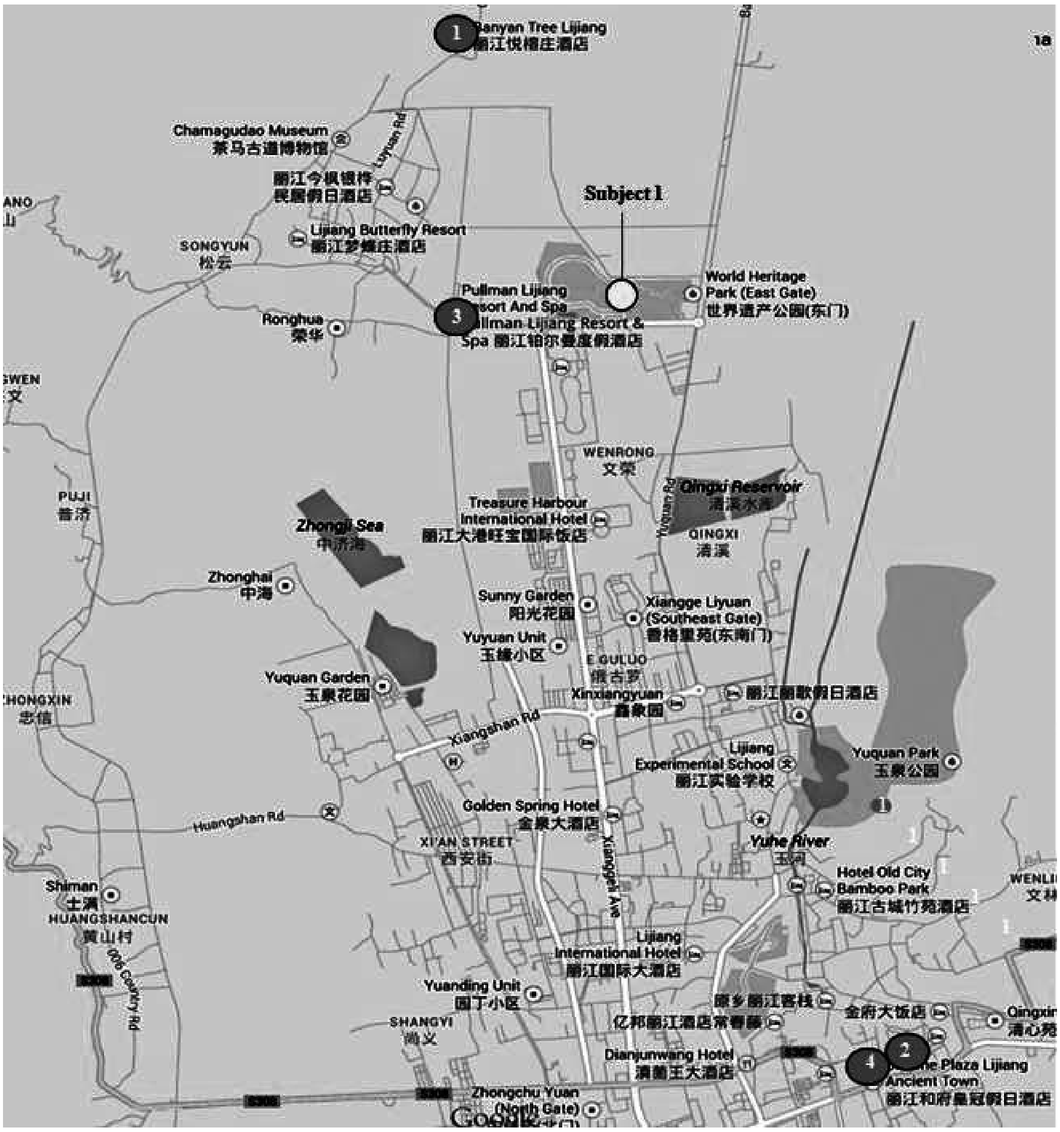
5.2.1 *Competitor set*

General Facts of the Subject Hotel

No.	Name of Hotel	Address	Opening Year	Room Count
1	Grand Hyatt Lijiang	Xiangjiang Road, Yulong Snow Mountain	2014	400

The analysis is based on the study of four competitive hotels, which reflects the competitive nature of the high-end hotel market in Lijiang.

Location of Competitor Set in Lijiang



No.	Hotel	Opening Year	Room Count
1	Banyan Tree Lijiang	2006	122
2	Lijiang Hotel Indigo	2013	70
3	Pullman Lijiang Resort & Spa	2011	130
4	Crowne Plaza Hotel Lijiang Ancient Town	2009	270
Total			592

Source: DTZ Research/STRG Data

5.2.2 *Historical Performance*

Historical Performance in competitive Market

Year	Occupancy	Average Daily Room Rate	Available Revenue per Room
	(%)	(RMB)	(RMB)
2009	48%	1,300	627
2010	57%	1,016	574
2011	58%	1,245	725
2012	56%	1,383	773
2013 (January to October)	58%	1,421	826
CAGR (between 2009 and 2012)		2.1%	7.2%

Source: DTZ Research/STRG Data

- Since the opening of Banyan Tree Hotel Lijiang in June 2006, the high-end hotel market of Lijiang City experienced an incubation period in 2006 to 2009. In 2010, Crowne Plaza Lijiang opened and provided a supply of 270 additional rooms, increasing the supply by 87.2 % compared to the previous year. From 2010 to 2012, the availability of Lijiang City's hotel room nights on the market showed a steady upward trend for three years, achieving a CAGR of 35.60%. Due to Pullman Lijiang Resort & Spa's opening in 2011, the number of available room nights increased by 25% over the previous year. Lijiang Hotel Indigo, which is open in 2013, caused a further increase in the supply in the high-end hotel market.

- Due to the opening of Crowne Plaza Lijiang and other new hotels in Lijiang, the annual occupancy rate was only 48% in 2009. In 2011 room nights demand growth was slightly higher than the growth of the number of available room nights, with the annual market occupancy rate increasing slightly to 58%. In 2012, the growth of room nights demand was slightly lower than the growth in the number of available room nights, and the occupancy rate dropped slightly to 56%. Overall, Lijiang's basic supply growth and demand growth was quite stable, so the occupancy rate of the hotels in the Lijiang market is stable in the range of 56% to 58%. In 2013, the occupancy rate rose to 58%, showing an upward trend.

- Overall, Lijiang's high-end hotel market supply and demand grew in parallel, showing a healthy upward trend. In addition, the gradual removal of discounts since the opening of high-end hotels shows that the new hotels are gradually becoming recognised and absorbed by the market.

5.2.3 *Additional Supply*

Additional Supply in the Competitive Market

Hotel	Address	Room Count
Grand Hyatt Lijiang	Xiangjiang Road, the north side of the Old Town/Yulong Snow Mountain Ganhaizi	400
St. Regis Lijiang Resort	Next to the Black Dragon Pool Park	222
		622

Source: DTZ Research/STRG Data

Additional Supply in Lijiang's High-End Hotel Market

	2014	2015	2016	2017
Additional Supply:				
Lijiang Hotel Indigo	—	—	—	—
Grand Hyatt Lijiang	400	—	—	—
St. Regis Lijiang Resort	222	—	—	—
Annual Additional Supply	622	0	0	0
Total Supply	1,214	1,214	1,214	1,214
% Growth	105.1%	0%	0%	0%

Source: DTZ Research/STRG Data

Note: The above list of estimated new supply of high end hotel is the result of our analysis and may not include all new supply of high end hotel in the subject locality and in the future. The estimated year of opening for those new supply is also the result of our analysis and it may not be accurate and due to the delay of development caused by the developers.

5.2.4 *Future Prospects of the Competitive Market*

Overall, with the support of tourism to the hotel industry, the high-end hotel market in Lijiang is at the stage of steady development. Over the past five years, the market supply and demand both grew at the same pace, showing healthy market development. In respect of future development, there will be two top-rated hotels opening in the next three years. However, from the data in the first 10 months of 2013, the market is capable of absorbing the new supply. The occupancy rate is expected to reach 60% in 2015.

The average daily room rate market outlook

- Since the demand and supply is growing at the same pace, the high-end hotel market in Lijiang has reached a healthy incubation period. So far, only Banyan Tree Lijiang has more than five years of operating history. Over the past five years, a total of three high-end hotels have entered the market, bringing in about 470 rooms of new supply.

- Except for the special discounts offered during the hotel-opening period in 2010 which led to a decrease in average daily room rate, the growth of the average daily room rate has maintained a steady growth over the past five years, achieving a CAGR of 2.1%.

- Since the probability of the two high-end hotels entering into the market in the next three years is relatively high, we expect the average daily room rate to increase in a steady pace in the future.

- Therefore, it is expected that the average daily room rate will grow at a CAGR of 2% to 5% in the next five years.

5.3 SWOT Analysis of Grand Hyatt Lijiang

Strengths

- Hyatt Regency Group is a high-end hotel brand, with a high degree of brand recognition globally.
- The average room size is generally larger than that of other high-end hotels in Lijiang City. The interior decoration of the rooms is of a high standard.
- Located in Ganhaizi, Yulong Snow Mountain, Grand Hyatt Lijiang is the closest hotel to Yulong Snow Mountain and is the only hotel inside the tourism area of Yulong Snow Mountain. About 80% of the rooms enjoy view of Yulong Snow Mountain.
- Accessibility to the downtown area is convenient via Shangri-La Avenue. Grand Hyatt Lijiang enjoys convenient highway transportation links.

Weaknesses

- Grand Hyatt Lijiang is located relatively far away from Dayan Ancient City and is a 20-minute drive away.
- Sometimes the snow mountain area has strong windy climate and tourist should be cautious when undertaking outdoor activities.

Opportunities

- The future J-Life Commercial Street will be opened near the Grand Hyatt Lijiang (Xiangjiang Road, Old Town). There will be boutiques such as LV and PRADA as well as restaurants. The hotel residents can enjoy the convenient shopping and dining experience near the hotel.
- It is expected that hotel residents will enjoy free entry to Yulong Snow Mountain Scenic Area, attracting tourists who plan to travel to Yulong Snow Mountain.
- Grand Hyatt Lijiang is divided into two parts which are both near famous tourists attractions: the ancient city and the snow mountain. It is expected that after its opening the occupancy rate of both parts of the hotel will grow by the stimulation of mutual promotion.

Threats

- Lijiang's high-end hotel market has reached a period of growth. It is expected that there will be more well-known international hotel brands stationing in Lijiang in the future, which will be a challenge to the occupancy rate of the existing hotels in the market.
- The climate of the snow mountain where the hotel is situated may pose a threat to the issue of property maintenance.

The following is a summary of laws and regulations which affect our business and operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to our business and operations and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this prospectus, which may be subject to change.

A. LAWS AND REGULATIONS RELATING TO HOTEL OPERATIONS

The hotel industry in the PRC is subject to various laws and regulations. At present, there is no specific governmental authority that is responsible for administering the daily operations and management of the hotel industry in the PRC. Instead, the daily operations of the hotel industry is administered by various governmental authorities. Set out below is a summary of the applicable key laws and regulations:

1. Security Control Regulations

According to the Measures for the Control of Security in the Hotel Industry (旅館業治安管理辦法) (the "**Hotel Security Control Measures**"), promulgated by the Ministry of Public Security on 10 November 1987 and amended on 8 January 2011, and the Decisions of the State Council to Implement Administrative Licenses on Items Necessarily to be Retained for Administrative Examination (國務院對確需保留的行政審批項目設定行政許可的決定), promulgated by the State Council on 29 June 2004 and amended on 29 January 2009, an application to operate a hotel in the PRC must be examined and approved by a local public security authority and a Special Industry License must be obtained from the local public security authority prior to the operations of the hotel. The Hotel Security Control Measures further imposes certain security control obligations on the hotel operators, such as the obligation to examine the identification cards of customers, the obligation to keep customers' deposited properties safe, and the obligation to report to the public security authorities of any criminal activities.

2. Fire Control Regulations

According to the Provisions on the Administration of Fire Safety of State Organs, Organizations, Enterprises and Institutions (機關、團體、企業、事業單位消防安全管理規定) (the "**Fire Safety Provisions**"), promulgated by the Ministry of Public Security on 14 November 2001, hotels are classified as one of the key administrative units for fire control purposes. On 1 May 2009, the Fire Prevention Law of the People's Republic of China (中華人民共和國消防法) (the "**Fire Prevention Law**"), which was promulgated by the Standing Committee of National People's Congress (the "**SCNPC**") on 28 October 2008, came into effect. The Fire Prevention Law, together with the Fire Safety Provisions, require public gathering places, such as hotels, to pass a fire prevention safety inspection conducted by the local public security fire-fighting department before the commencement of business operations.

3. Administration of Sanitation in Public Places

Pursuant to Regulations on the Sanitary Administration of Public Places (公共場所衛生管理條例) (the "**Sanitary Administration Regulations**"), promulgated by the State Council on 1 April 1987, hotels are listed as one of the public places which are under special sanitary supervision and administration. The Sanitary Administration Regulations further requires that hotels must obtain a Public Place Sanitation Permit from the Ministry of Health or its local counterparts for operation and the Public Place Sanitation Permit must be reviewed every two years. According to the Implementing Rules of Regulations on the Sanitary Administration of the Public Places (公共場所衛生管理條例實施細則), which was promulgated by the Ministry of Health on 10 March 2011, the hotel staff must conduct a health check at least once a year and obtain a health certificate before their job assignments are given.

4. Administration of Food Sanitation

In accordance with the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法), which was promulgated on 28 February 2009 and became effective as of 1 June 2009, and the Regulation on the Implementation of the Food Safety Law of the People's Republic of China (中華人民共和國食品安全法實施條例), which was promulgated and became effective as of 20 July 2009, hotels engaged in food and beverage operations must obtain a Food Catering Service Permit.

According to the Measures for the Administration of Permits for Operating Food and Beverage Services (餐飲服務許可管理辦法), which was promulgated by the Ministry of Health on 4 March 2010 and became effective as of 1 May 2010, any Food Sanitation Licenses obtained prior to 1 May 2010 will be replaced by the Food Catering Service Permit once the Food Sanitation License expires. Hotels must be in compliance with the relevant sanitary standards and requirements relating to food sourcing and storage, food processing, restaurant services as well as take-away services.

5. Environmental Protection

According to the Promotion of Cleaner Production Law of the People's Republic of China (中華人民共和國清潔生產促進法), which was promulgated on 29 June 2002 and amended on 29 February 2012, hotels shall use technologies and equipment that conserve energy, water and serve other environmental protection purposes, and refrain from or reduce using consumer goods which may lead to the waste of resources and pollution of the environment.

The Administrative Measures for Urban Drainage License (城市排水許可管理辦法) was promulgated on 25 December 2006. According to such measures, any drainage entity, including entities who drain sewage into the urban drainage pipe network and its facilities due to engaging in lodging, catering and entertainment business, shall apply for an Urban Drainage License to drain sewage into the urban drainage pipe network and their accessory facilities from local drainage administrative authorities.

6. Customer Protection

The Law of the People's Republic of China on the Protection of Customer Rights and Interests (中華人民共和國消費者權益保護法) (the "**Customer Protection Law**") was promulgated by SCNPC on 31 October 1993 and amended on 25 October 2013. According to the Customer Protection Law, a series of obligations are imposed on business operators, which mainly include:

(a) to ensure that the goods and services provided meet certain requirements for personal or property safety;

(b) to disclose any defects in the goods or services provided and take corresponding measures to prevent damage occurrence;

(c) to provide customers with truthful and comprehensive information of their goods or services, and not to carry out false and misleading publicity;

(d) to clearly mark the prices of the goods or services provided;

(e) to return, replace or repair the goods or services if those provided fail to meet quality requirements;

(f) not to impose unfair or unreasonable conditions on customers that exclude or restrict the rights of customers, reduce or waive the liabilities of business operators or aggravate the liabilities of customers, and not to compel customers into transactions by using standard-form terms and with the help of technological means;

(g) not to insult or slander customers, or violate the personal freedom of customers; and

(h) to strictly keep confidential the personal information of customers.

The Customer Protection Law further prescribes that those business operators who fail to fulfil their obligations thereunder may be subject to civil, administrative or even criminal liabilities. In addition, the Supreme People's Court published the Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of Law in Trying Cases Involving Compensation for Personal Damage (最高人民法院關於審理人身損害賠償案件適用法律若干問題的解釋) on 26 December 2003, which further elaborates that the business operators engaged in accommodation, catering and entertainment services shall be liable for compensation if they fail to fulfil their statutory obligation to ensure the safety of customers to the reasonable extent.

B. LAWS AND REGULATIONS RELATING TO REAL ESTATE

1. PRC Land System

All lands in the PRC are either state-owned or collectively-owned, depending on the location of the lands. All lands in urban areas of a city are state-owned, and all lands in rural areas and suburban areas, unless otherwise specified by law, are collectively-owned. The PRC Government may expropriate or take over lands and pay compensation in accordance with the law, if such land is required for the public benefit.

Although all lands in the PRC are owned by the PRC Government or by collectives, private individuals, enterprises and other organisations are permitted to hold and develop lands for which they are granted land use rights. Further, those who obtain state-owned land use rights through a grant or assignment may lease such land use rights to a third party.

The National People's Congress (the "**NPC**") and its Standing Committee amended the Constitution of the People's Republic of China (中華人民共和國憲法) (the "**Constitution**"') and the Land Administration Law of the People's Republic of China (中華人民共和國土地管理法) in April 1988 and December 1988, respectively, to permit the transfer of land use rights for value. According to the Provisional Regulations of the People's Republic of China Concerning the Grant and Assignment of State-owned Land Use Rights in Urban Areas (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Urban Land Regulations**") promulgated by the State Council on 19 May 1990 and the Law of the People's Republic of China on Urban Real Estate Administration (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**"') promulgated by the SCNPC in July 1994, which became effective on 1 January 1995 and was amended on 30 August 2007 and 27 August 2009, the land administration department of the people's government at or above the county level has the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights upon payment of a grant premium. Such land users are permitted to transfer, lease and mortgage the granted land use rights and properties constructed on the lands. Under this system, the state retains ownership of the land.

Under the Urban Land Regulations, there are different maximum periods of grant for different uses of land. They are generally as follows:

Use of Land	Maximum Period (in years)
Commercial, tourism, recreation	40
Industrial	50
Education, science, culture, public health and physical education	50
Comprehensive utilisation and others	50
Residential	70

Upon expiration of the term of grant, renewal is possible subject to the execution of a new contract for the grant of land use rights and payment of a premium. If the term of the grant is not renewed, the land use rights will be returned to the PRC Government without compensation. According to the Property Law of the People's Republic of China (中華人民共和國物權法) (the "**Property Law**") promulgated by the NPC on 16 March 2007 and effective as of 1 October 2007, the terms of land use right of residential lands for construction will be extended automatically when it expires. The renewal of the term of land use rights for other uses shall be dealt with according to the then applicable laws. In addition, if public interest requires the resumption of possession of land by the state during the term of the relevant land use rights, owners of residential properties and other real estate on the land shall be compensated and the relevant land premium shall be refunded to them.

Under the Urban Land Regulations, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. The PRC Government may not resume possession of lawfully granted land use rights prior to expiration of the term of grant. If public interest requires the resumption of possession by the PRC Government under special circumstances during the term of grant, compensation must be paid by the PRC Government. Subject to compliance with the terms of the land grant contract and the requirements of city planning, a holder of land use rights may lawfully assign, mortgage or lease the land use rights to a third party for the remainder of the term of grant.

2. Grant of Land Use Rights

Pursuant to PRC laws and the stipulations of the State Council, except for land use rights which may be obtained through allocation (劃撥), land use rights for property development are obtained through governmental grants. There are two methods by which land use rights may be granted, namely by private agreement or competitive processes (i.e. tender, auction or listing at a land exchange administered by the local government).

According to the Urban Land Regulations, the relevant land use rights certificates will not be issued prior to full payment of the appropriate land premium.

3. Civil Air Defence Property Regulation

Pursuant to the PRC Law on National Defence (中華人民共和國國防法) promulgated by the NPC on 14 March 1997 and amended on 27 August 2009, national defence assets are owned by the PRC Government. Pursuant to the Civil Air Defence Law (中華人民共和國人民防空法) promulgated by the NPC on 29 October 1996 and amended on 27 August 2009, civil air defence is an integral part of national defence. The Civil Air Defence Law encourages the public to invest in construction of civil air defence property and investors in civil air defence are permitted to use (including lease) and manage the civil air defence property in times of peace and profit therefrom. However, such use shall not impair their functions as air defence properties. The design, construction and quality of the civil air defence properties must conform to the protection and quality standards established by the PRC Government. On 1 November 2001, the National Civil Air Defence Office issued the Administrative Measures for Developing and Using the Civil Air Defence Property at Ordinary Times (人民防空工程平時開發利用管理辦法) and the Administrative Measures for Maintaining the Civil Air Defence Property (人民防空工程維護管理辦法), which specifies how to use, manage and maintain the civil air defence property.

4. Property Transactions

Transfer of Property

According to the Urban Real Estate Law and the Provisions on Administration of Transfer of Urban Real Estate (城市房地產轉讓管理規定) (the "**Provisions on Transfer**"), enacted by the Ministry of Construction on 7 August 1995 and revised on 15 August 2001, a property owner may sell, donate or otherwise transfer a property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights attached to the site on which the building is situated are transferred concurrently. The parties to a transfer must enter into a property transfer contract in writing and register such transfer with the property administration authority having jurisdiction over the location of the property within ninety days of the execution of the transfer contract. In addition, the Provisions on Transfer also stipulates that where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: (a) the land premium has been paid in full for the grant of the land use rights, as provided by the grant contract, and a land use rights certificate has been issued; and (b) if development is to be carried out according to the grant contract and buildings are being developed in connection with the project, development representing more than 25% of the total investment has been completed.

If land use rights were originally obtained by grant, the term of the land use rights after transfer of the property is equal to the remaining term provided under the original land use rights grant contract after deducting the time that has elapsed under the former land users. In the event that the transferee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county, and an agreement to amend the land use rights grant contract or a new land use rights grant contract must be signed in order to, inter alia, adjust the land use rights grant premium accordingly.

Mortgage

Under the Property Law, the Security Law of the People's Republic of China (中華人民共和國擔保法), which was enacted by the SCNPC on 30 June 1995 and became effective as of 1 October 1995, and the Measures on the Administration of Property Mortgages in Urban Areas (城市房地產抵押管理辦法), promulgated by the Ministry of Construction on 9 May 1997 and revised on 15 August 2001, the term "mortgage" refers to the act of a debtor or third party who, without transferring the occupancy of the properties, charges those properties as security for the creditor's rights. If the debtor fails to pay his debt, the creditor has a right to obtain compensation by selling the properties or seeking preferential payments from the proceeds from the auction or sale of the relevant properties. After being mortgaged, the value of the properties that exceeds the creditor's rights may be mortgaged for a second time, but the sum of the mortgages may not exceed the value of the properties. When a mortgage is created on the ownership or title of a building on legally obtained state-owned land, a mortgage is simultaneously created on the land use rights of the land on which the building is constructed. When the land use rights of state-owned lands obtained by land grant are mortgaged, the buildings on the land are also mortgaged at the same time.

The mortgagor and the mortgagee must sign a mortgage contract in writing. Within 30 days of signing of a property mortgage contract, parties to the mortgage contract must register the mortgage with the property administration authority under the local government where the property is situated. A mortgage is officially created upon its proper registration with the relevant authorities. If a mortgage is created on real estate in respect of which a property ownership certificate has been legally obtained, the registration authority shall make a relevant entry in relation to "third-party rights" on the original real estate ownership certificate and then issue a certificate of third-party rights to the mortgagee. If construction of a real property development is completed during the term of a mortgage, the parties involved shall re-register the mortgage after the issuance of the certificates evidencing the ownership or title of the property.

Leasing

Pursuant to the Urban Real Estate Law and the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development on 1 December 2010 and became effective on 1 February 2011, owners of buildings in China are entitled to lease their buildings, and landlords and tenants are required to enter into a written leasing agreement containing certain specified provisions. Furthermore, landlords and tenants shall, within 30 days after entering into a leasing agreement, register the leasing agreement with the property administrative authority under the local government at the municipal or county level where the property is situated.

5. Documents of Title

There are two types of title registration in the PRC, namely land registration and building registration. The land registration is completed with the issuance of a land use rights certificate by the relevant authority to the land owner evidencing that the land owner has obtained land use rights which can be assigned, mortgaged or leased. The building registration is completed with the issuance of a building ownership certificate to the building owner evidencing that the building owner has obtained building ownership rights in respect of the building.

According to the Land Registration Regulations (土地登記規則) promulgated by the State Land Administration Bureau, the predecessor of the Ministry of Land and Resources, on 18 November 1989 and amended on 28 December 1995, the Land Registration Measures (土地登記辦法) promulgated by the Ministry of Land and Resources on 30 December 2007 and which took effect on 1 February 2008, and the Building Registration Measures (房屋登記辦法) promulgated by the Ministry of Construction on 15 February 2008 and which took effect on 1 July 2008, all land use rights and building ownership rights which are duly registered are protected by law.

The two different systems are commonly maintained separately in many cities in the PRC. In the city of Shanghai and some other major cities, however, the two systems have been consolidated and a single composite real estate and land use rights certificate will be issued to evidence the ownership of both land use rights and the buildings erected thereon.

6. Title Segregation

Properties (including hotel properties and commercial properties) that are in compliance with the Building Registration Measures (房屋登記辦法) may obtain property registrations and separate property ownership certificates. To effect a property ownership transfer, the Building Registration Measures (房屋登記辦法) also provide that required application materials shall be submitted to the real property administration department or its designated registration agencies. Such real property administration department or its designated registration agencies shall register the transfer and issue a new property ownership certificate to the transferee within a stipulated time (usually within 30 business days) after its acceptance of the application.

According to the Land Administration Law of the People's Republic of China, the land use right may be transferred in accordance with law. The Urban Real Estate Law further provides that the property ownership (including hotel ownership) and the related land use right shall be transferred and mortgaged simultaneously.

The Land Registration Measures (土地登記辦法) stipulates that when the construction land use right has been transferred under a lawful transaction, exchange or donation (including buildings, structures and ancillary facilities on the ground), the parties concerned shall apply for a registration of change of construction land use right by presenting the original land use right certificate and the new property ownership certificate after the transaction has been effected. If the transfer involves allocated land use right, the parties concerned shall also submit the approval documents issued by the PRC Government.

The above measures also provide that separate applications for land registration may be made if two or more land use right owners share the same parcel of land.

7. Real Property Management

Under the Measures Concerning Administration of Property Management Enterprise Qualifications (物業管理企業資質管理辦法), promulgated by the Ministry of Construction on 17 March 2004, which took effect on 1 May 2004 and was amended on 26 November 2007, a property management enterprise must apply for an examination of its qualifications from the qualification approval authority. A property management enterprise that has passed such examination will be issued a qualification certificate. No enterprise may engage in the property management business without such qualification certificate.

According to the Rules on Property Management Service Fees (物業服務收費管理辦法) jointly promulgated by the National Development and Reform Commission and the Ministry of Construction on 13 November, 2003, the amount of property management fees payable to a property management enterprise as remuneration may be agreed between the owners and property management enterprises by reference to a fixed management fee or a percentage-based management fee. The property management enterprise may collect a fixed management fee from the property owners to cover all operating costs incurred for property management and shall account for any shortfall or retain any surplus or, management fees may be charged by reference to a fixed percentage of the total management fees collected. The balance of the fees will be used for covering the operating costs incurred for property management and the property owners shall account for any shortfall or retain any surplus.

C. FOREIGN INVESTMENT POLICY ON REAL ESTATE MARKET

1. General Foreign Investment Policy

Pursuant to the Foreign Investment Industrial Guidance Catalogue (外商投資產業指導目錄) (the "**Guidance Catalogue**") jointly enacted by the Ministry of Commerce and the National Development and Reform Commission on 30 November 2004, which was amended on 31 October 2007 and 24 December 2011, respectively, and which became effective as of 30 January 2012, property development falls within the category of permitted industries for foreign investment with the following exceptions, which fall within the category of restricted industries: (a) foreign investment in the development of a whole land lot to be operated exclusively by Sino-foreign equity joint ventures or Sino-foreign cooperative joint ventures; (b) the construction and operation of high-end hotels, premium office buildings and international conference and exhibition centres; and (c) property transactions in the secondary market and real property intermediaries or brokerage agencies. Therefore, a foreign-invested real estate enterprise may be established in the form of a Sino-foreign equity joint venture, a Sino-foreign cooperative joint venture for purposes of developing whole land lots, a Sino-foreign equity joint venture, a Sino-foreign cooperative joint venture or a wholly-owned foreign enterprise for purposes of engaging in other types of construction and real property operation, which are all subject to government approvals and registrations requirements according to the relevant laws and administrative regulations relating to foreign-invested enterprises.

2. Foreign Investment in Real Estate Market

On 11 July 2006, the Ministry of Construction, Ministry of Commerce, National Development and Reform Commission, People's Bank of China, State Administration of Industry and Commerce and State Administration of Foreign Exchange jointly enacted the Circular Concerning the Access to and Administration of Foreign Investment in the Real Estate Market (關於規範房地產市場外資准入和管理的意見). According to this circular and a related notice issued by the Ministry of Commerce on 14 August 2006, foreign investment in the real property market must comply with the following requirements:

(a) Foreign institutions or individuals purchasing property in the PRC that is not for their own residential use must have a legal presence in the PRC and must apply for the establishment of a foreign-invested enterprise under applicable foreign property investment regulations. Foreign institutions and individuals may only engage in the relevant business within the approved business scope upon obtaining approvals from the relevant national authorities and upon completion of the relevant registrations.

(b) If the total investment of a foreign-invested real estate development enterprise is equal to or more than US$10 million, the registered capital must not be less than 50% of the total investment. If the total investment is less than US$10 million but exceeds US$3 million, the registered capital must not be less than 50% of the total investment. The registered capital must not be less than 70% of the total investment when the total investment is equal to or less than US$3 million.

(c) Foreign investors must obtain approval certificates for the establishment of foreign-invested enterprises from the Ministry of Commerce or its relevant local branch and business licences for the establishment registration of foreign-invested enterprises from the State Administration of Industry and Commerce or its relevant local branch.

(d) In order to obtain approval from the Ministry of Commerce or its relevant local branch for the transfer of projects or shares in foreign-invested real estate enterprises, or an acquisition of domestic real estate enterprises by foreign investors, foreign investors must strictly adhere to the relevant laws, regulations and policies for submitting relevant applications.

When acquiring domestic real estate enterprises by way of share transfer or otherwise, or purchasing shares from PRC parties in Sino-foreign equity joint ventures, foreign investors must comply with the relevant PRC employment laws, settle bank loans and pay acquisition consideration in a single payment using only internal funds. Foreign investors with an irregular financial track record are not allowed to conduct any of the above activities.

3. The M&A Rules

On 8 August 2006, the Ministry of Commerce, the State-owned Assets Supervision and Management Committee under the State Council, the State Administration of Industry and Commerce, the State Administration of Taxation, China Securities Regulatory Commission and the State Administration of Foreign Exchange promulgated the Regulation on the Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**"), which became effective on 8 September 2006 and was subsequently revised on 22 June 2009.

The M&A Rules provide the rules foreign investors must comply with should they seek to purchase any equity interest in an enterprise in the PRC other than a foreign-invested enterprise (the "**Domestic Company**"); subscribe any increased capital of a Domestic Company and thereby converting the Domestic Company into a foreign-invested enterprise; establish a foreign-invested enterprise and purchase, through such enterprise, any asset of any Domestic Company by an agreement and operate such asset; or purchase any asset of any Domestic Company by an agreement and inject such asset into a foreign-invested enterprise which operates such asset. The M&A Rules further provide that in the event of an acquisition by a Domestic Company or natural person, in the name of a company that it/he has legitimately established or controls outside the PRC, of a Domestic Company affiliated thereto, such acquisition shall be submitted to the Ministry of Commerce for examination and approval.

D. MAJOR TAXES APPLICABLE

Please refer to *"Appendix IX — Taxation"* for an overview of the tax implications in the PRC.

E. FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is the RMB, which is subject to foreign exchange controls and is not freely convertible into foreign currency at this time. The State Administration of Foreign Exchange ("**SAFE**"), under the authority of the People's Bank of China ("**PBOC**"), is empowered with the functions of regulating all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

On 29 January 1996, the State Council promulgated the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) (the "**Foreign Currency Rules**") which became effective on 1 April 1996. The Foreign Currency Rules classify all international payments and transfers into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items remain subject to SAFE approval where the foreign exchange receipts are sold to the designated foreign exchange banks. The Foreign Currency Rules was subsequently amended on 14 January 1997 and 5 August 2008. Such amendment affirms that the PRC Government shall not restrict international current account payment and transfers.

The Foreign Currency Rules was amended by the State Council on 1 August 2008 and became effective on 5 August 2008. Under the revised Foreign Currency Rules, there is no longer a requirement for the compulsory settlement of foreign exchange. As long as the capita l inflow and outflow under the current accounts are based upon real and legal transactions, individuals and entities may keep their income in foreign currencies inside or outside China in accordance with the provisions and terms to be set forth by the SAFE. The foreign exchange income generated from current account transactions may be retained or sold to financial institutions engaging in the settlement and sale of foreign exchange. Whether the foreign exchange income generated from capital account transactions to financial institutions shall be retained or sold is subject to approvals of the SAFE or its branches, except as otherwise stipulated by the PRC Government. Foreign exchange or settled fund of foreign exchange of capital account must be used in the way approved by the competent authorities and the SAFE or its branches, and the SAFE or its branches are empowered to supervise the use of the foreign exchange or settled fund of foreign exchange of capital account and the changes of the capital accounts. The RMB follows a managed floating exchange rate system in line with the market demand and supply. A domestic individual or entity who conducts overseas direct investment or overseas issue and transaction of negotiable securities and derivative financial products shall undergo registration formalities with foreign exchange administrative authorities of the PRC Government. Furthermore, such individual or entity shall apply for the approval from or filing on such investment, issued or transaction with relevant authorities prior to the approval or filing if otherwise required by the relevant PRC laws and regulations.

The General Affairs Department of the SAFE issued the Notice Relating to the Improvement of Business Operations with Respect to the Administration of Foreign Exchange Capital Payment and Settlement of Foreign Invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) (the "**Improvement of Business Operations Notice**") on 29 August 2008 and the Supplementary Notice of the General Affairs Department of the State Administration of Foreign Exchange on the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-funded Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的補充通知) on 18 July 2011. These Notices further regulate the administration of foreign exchange capital payment and settlement of foreign-invested enterprises within the PRC.

Pursuant to the Improvement of Business Operations Notice, prior to applying for settlement of foreign exchange capital with designated banks, foreign investment enterprises shall undergo capital verification by an accountancy firm. The designated banks shall not engage in the settlement of foreign exchange capital for foreign-invested enterprises that have not completed the process of capital verification. Furthermore, the total amount of foreign exchange settled by a designated bank for a foreign investment enterprise shall not exceed the total capital audited. The designated banks must comply with the SAFE administration rules regulating payment and settlement when engaging in foreign exchange capital payment and settlement with foreign-invested enterprises.

F. LABOUR LAW AND REGULATIONS

Enterprises in China are mainly subject to the following PRC labour laws and regulations: the Labour Law of the PRC (中華人民共和國勞動法), the Labour Contract Law of the PRC, as amended in 2012 (中華人民共和國勞動合同法，2012年修訂), the Social Insurance Law of the PRC (中華人民共和國社會保險法), the Regulation on Work-Related Injury Insurance, as amended in 2010 (工傷保險條例，2010年修訂), the Regulations on Unemployment Insurance (失業保險條例), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法), the Interim Provisions on Regulation of Social Insurance (社會保險登記管理暫行辦法), the Interim Regulation on the Collection and Payment of Social Insurance Premium (社會保險費徵繳暫行條例), the Regulation on the Administration of Housing Accumulation Funds, as amended in 2002 (住房公積金管理條例，2002年修訂) and other relevant regulations, rules and circulars issued by the competent government authorities.

Pursuant to the Labour Law of the PRC (中華人民共和國勞動法), companies must enter into employment contracts with their employees according to the principles of equality, consent and agreement through consultation. Companies must establish and effectively implement a system of ensuring and educating their employees on occupational safety and health, preventing work-related accidents and reducing occupational hazards. Companies must also pay for their employees' social insurance premium.

The principal regulations governing the employment contract is the Labour Contract Law of the PRC, as amended in 2012 (中華人民共和國勞動合同法，2012年修訂), which was promulgated by the Standing Committee of the National People's Congress on 29 June 2007, became effective as of 1 January 2008 and was revised in 2012. Pursuant to the Labour Contract Law of the PRC, employers shall establish employment relationship with employees on the date that they start employing the employees. To establish employment, a written employment contract shall be concluded. The employers will otherwise be liable for the illegal actions. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

As required under the Regulation on Work-Related Injury Insurance, as amended in 2010 (工傷保險條例，2010年修訂), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法) and the Regulation on the Administration of Housing Accumulation Funds, as amended in 2002 (住房公積金管理條例，2002年修訂), enterprises in the PRC are obliged to provide welfare schemes covering pension insurance, unemployment insurance, maternity insurance, injury insurance, medical insurance and housing accumulation fund to their employees.

The Trust Deed is a complex document and the following is a summary only. Recipients of this prospectus and all prospective investors should refer to the Trust Deed itself to confirm specific information or for a detailed understanding of Jinmao Investments and the Share Stapled Units. The Trust Deed is available for inspection without charge at the registered office of the Trustee-Manager at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, Wanchai, Hong Kong and can also be accessed and downloaded from the websites of the Company and the Stock Exchange at ***www.jinmao88.com*** *and* ***www.hkexnews.hk****, respectively.*

INTRODUCTION

Jinmao Investments was constituted as a trust on 13 June 2014 by a Hong Kong law governed Trust Deed entered into between Jinmao (China) Investments Manager Limited, as the trustee-manager of Jinmao Investments, and the Company. The Trustee-Manager is a wholly-owned subsidiary of Franshion.

FIXED SINGLE INVESTMENT TRUST AND LIMITED SCOPE OF ACTIVITIES

Jinmao Investments is constituted, upon and subject to the terms and conditions of the Trust Deed, as a fixed single investment trust to engage solely in the Authorised Business. A fixed single investment trust in this context connotes that the trust may only invest in securities and other interests in a single entity, being the Company, and that the trust confers on the registered holders of its Units a beneficial interest in specifically identifiable property held by the trust (in this case, the Ordinary Shares held by Jinmao Investments).

Jinmao Investments may not carry on any activities other than engaging in the Authorised Business in accordance with the Trust Deed. The Trust Deed provides that "**Authorised Business**" of Jinmao Investments means:

(a) investing in the Company (including, without limitation, investment in securities and other interests in the Company);

(b) the exercise of the Trustee-Manager's powers, authorities and rights, and the performance of its duties and obligations, under the Trust Deed; and

(c) any thing or activity which is necessary or desirable for or in connection with the activities referred to in paragraphs (a) and/or (b) above.

Therefore, in summary, the scope of activity of Jinmao Investments is limited to investing in the Company.

TRUST PROPERTY

The Trust Property will initially comprise:

(a) all rights arising out of agreements in relation to the Authorised Business entered into by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) after the date of the constitution of Jinmao Investments;

(b) the Ordinary Shares to be acquired by the Trustee-Manager pursuant to the agreements referred to in paragraph (a) above; and

(c) the proceeds to be received by the Trustee-Manager from the issue of Share Stapled Units.

Under the Trust Deed, the Trustee-Manager is required to hold the Trust Property for the time being on trust for the benefit of the Registered Holders of Units pursuant to the Trust Deed, pari passu according to the number of Units held by each Registered Holder of Units.

TRUST DEED BINDING ON UNITHOLDERS

The terms and conditions of the Trust Deed and all deeds supplemental to it shall be binding on each Unitholder and all persons claiming through such Unitholder as if such Unitholder had been a party to the Trust Deed and all supplemental deeds (if any) and as if the Trust Deed and such supplemental deeds contained covenants on the part of each Unitholder to observe and be bound by all the provisions of the Trust Deed and such supplemental deeds, and an authorisation by each Unitholder to do all such acts and things as the Trust Deed and such supplemental deeds may require the Trustee-Manager and/or the Company to do.

The Trust Deed sets out certain rights, duties and obligations of the Trustee-Manager and Holders of Share Stapled Units.

THE SHARE STAPLED UNITS AND HOLDERS OF SHARE STAPLED UNITS

The rights and interests of Holders of Share Stapled Units are contained in the Trust Deed. Under the Trust Deed, those rights and interests are safeguarded by the Trustee-Manager.

The beneficial interest in Jinmao Investments is divided into Units. Each Unit represents an undivided interest in Jinmao Investments, which confers the rights set out in the Trust Deed.

Each Unit must be:

(a) matched by and Linked to a specifically identified Ordinary Share issued or to be issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments); and

(b) Stapled to a specifically identified Preference Share issued or to be issued by the Company to the relevant Registered Holder of Share Stapled Units.

Each Unit confers on the Registered Holder of a Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments).

Subject to the provisions of the Trust Deed (including the exercise of the Exchange Right and the termination of Jinmao Investments), a Unitholder is not entitled to have any part of the Trust Property to be transferred to it. The right of a Unitholder is limited to the right to require the due administration of Jinmao Investments in accordance with the provisions of the Trust Deed, including, without limitation, by suit against the Trustee-Manager and the other rights expressly provided under the Trust Deed.

Unless otherwise expressly provided in the Trust Deed, a Unitholder may not interfere or seek to interfere with the administration of Jinmao Investments by the Trustee-Manager.

RELATIONSHIP BETWEEN THE UNITS, THE ORDINARY SHARES AND THE PREFERENCE SHARES

Subject to the exercise of the Exchange Right, at all times:

(a) the number of Units in issue must be equal to the number of Ordinary Shares in issue (and *vice versa*);

(b) the number of Units in issue must also be equal to the number of Preference Shares in issue (and *vice versa*); and

(c) the number of Ordinary Shares in issue must be equal to the number of Preference Shares in issue (and *vice versa*).

Linking Arrangements

Subject to the exercise of the Exchange Right, at all times:

(a) all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments);

(b) each Unit issued or to be issued by the Trustee-Manager must be matched by and Linked to a specifically identified Ordinary Share issued or to be issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments);

(c) the Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Ordinary Shares are or have been issued by the Company to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) before, or at substantially the same time as, the issue or sale of the relevant Units; and

(d) the Company must not issue or sell any Ordinary Shares unless the Ordinary Shares are specifically identified and issued to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and an identical number of Units in respect of the relevant specifically identified Ordinary Shares are or will be issued by the Trustee-Manager.

Each Unit confers on the Registered Holder of a Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments).

The Trustee-Manager shall distribute the proceeds of any and all dividends, distributions and other payments to be made in respect of the specifically identified Ordinary Shares registered in the Principal Register of Members in the name of the Trustee-Manager to the Registered Holders of the relevant Units which are matched with and Linked to those specifically identified Ordinary Shares, upon and subject to the terms and conditions of the Trust Deed (including, without limitation, those terms and conditions permitting certain payments and other deductions to be made out of the Trust Property).

Each Share Stapled Unit may be exchanged for the specifically identified Ordinary Share which is matched with and Linked to the Unit which is a component of the relevant Share Stapled Unit, in accordance with the Trust Deed.

Stapling Arrangements

In addition to the requirements described above, for each Unit to be matched by and Linked to a specifically identified Ordinary Share held by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments), at all times, subject to the exercise of the Exchange Right:

(a) each Unit issued or to be issued by the Trustee-Manager must be Stapled to a specifically identified Preference Share issued or to be issued by the Company;

(b) the Trustee-Manager must not issue or sell any Units to any person unless an identical number of specifically identified Preference Shares is or has been issued by the Company and those Preference Shares are issued or transferred to the same persons to whom the Units are issued or sold (and registered in the Principal Register of Members or the Hong Kong Register of Members in the names of the same persons in which the Units are registered in the Units Register), in the ratio of one specifically identified Preference Share for each Unit and on the basis that each specifically identified Preference Share is Stapled to a Unit so that one may not be dealt with without the other; and

(c) the Company must not issue or sell any Preference Shares unless the Preference Shares are to be Stapled to Units as described above.

Under the Trust Deed, the Trustee-Manager and the Company are required to use all their respective reasonable endeavours to maintain a listing on the Stock Exchange for:

(a) all the issued Share Stapled Units for the time being; and

(b) each individual security which is a component of the Share Stapled Units; being all the issued Units, Ordinary Shares and Preference Shares for the time being, provided that, for as long as the Share Stapled Units remain listed on the Stock Exchange, there shall be a single price quotation for a Share Stapled Unit incorporating the three components described in the definition of "Share Stapled Unit" and there will not be separate published price quotations for the listed Units, listed Ordinary Shares or listed Preference Shares comprising the Share Stapled Units.

UNITS AND ORDINARY SHARES TO REMAIN LINKED AND UNITS AND PREFERENCE SHARES TO REMAIN STAPLED

Under the Trust Deed, the Trustee-Manager and the Company must ensure that, subject to the exercise of the Exchange Right, each Unit remains Linked to a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and that each Unit remains Stapled to a specifically identified Preference Share.

The Trust Deed contains provisions prohibiting the Trustee-Manager and the Company from taking any action which would result in the Units and the Ordinary Shares ceasing to be Linked or in the Units and the Preference Shares ceasing to be Stapled; or from refraining from doing any act required to maintain those relationships.

The Trust Deed also contains detailed provisions requiring that Units and Shares may only be offered for subscription and issued by Jinmao Investments and the Company, and may only be transferred by their holders, in the form of Share Stapled Units and not in the forms of the individual components of Units, Ordinary Shares and Preference Shares.

The Trust Deed also provides that, subject to the exercise of the Exchange Right and the redemption of the Preference Shares upon the termination of Jinmao Investments, the Trustee-Manager must not consolidate, sub-divide, cancel, buy-back or redeem any Units and the Company must not consolidate, sub-divide, cancel, buy-back or redeem any Shares unless there is a corresponding consolidation, sub-division, cancellation, buy-back or redemption of the Units and of both the issued specifically identified Ordinary Shares which are Linked to the relevant Units and the issued specifically identified Preference Shares which are Stapled to the relevant Units.

REGISTERS

The Trust Deed requires:

(a) the Trustee-Manager and the Company to maintain, or ensure the maintenance of, the Share Stapled Units Register, showing details of those holding Share Stapled Units;

(b) the Trustee-Manager to maintain, or ensure the maintenance of, the Units Register, showing details of those holding Units;

(c) the Company to maintain, or ensure the maintenance of, the Register of Members (including the Principal Register of Members and the Hong Kong Register of Members); and

(d) the Trustee-Manager and the Company to maintain, or ensure the maintenance of, the Register of Beneficial Interests, showing details of the beneficial interests of the Registered Holders of Units in the Ordinary Shares Linked to the Units.

Prior to an exercise of the Exchange Right, all the issued Ordinary Shares will be registered in the Principal Register of Members in the name of the Trustee-Manager. The Preference Shares will be registered in the Hong Kong Register of Members in the respective names of the Registered Holders of Share Stapled Units. A single registrar will be appointed as the common registrar to maintain all the registers, except that the Principal Register of Members which is maintained in the Cayman Islands and which will show the Trustee-Manager as the registered holder of all the issued Ordinary Shares may have a different registrar located in Cayman Islands.

The Trust Deed requires that the Trustee-Manager and the Company must ensure that the Share Stapled Units Register, the Units Register, the Hong Kong Register of Members (in so far as it relates to the Preference Shares) and the Register of Beneficial Interests are entirely consistent with one another.

RIGHT TO ISSUE NEW SHARE STAPLED UNITS VESTED IN THE TRUSTEE-MANAGER AND THE COMPANY JOINTLY

Subject to complying with the provisions of the Trust Deed, the Trustee-Manager and the Company, acting jointly by mutual agreement between them, have the right to effect the creation and issue of Share Stapled Units and/or Convertible Instruments in accordance with the Trust Deed.

Units may only be issued in combination with a specifically identified Ordinary Share and Preference Share, as a component of a Share Stapled Unit. The Trustee-Manager and the Company must both agree to the issue of and agree the terms of issue, including the price, of any Share Stapled Units and each of the individual components (Units, Ordinary Shares and Preference Shares), or any Convertible Instruments to be issued, in each case, before any offer to issue or sell the relevant securities is made.

If the Trustee-Manager and the Company jointly agree to issue Share Stapled Units:

(a) the Trustee-Manager must cause the issue of an agreed number of Units; and

(b) the Company must cause the issue of an identical number of specifically identified Ordinary Shares to the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and an identical number of specifically identified Preference Shares in accordance with the Trust Deed, so that the specifically identified Preference Shares are issued, or sold or transferred, to (and registered in the respective names of) the same persons to whom the Units are issued.

The above provisions will apply equally to any issue of Units pursuant to any Convertible Instruments.

The Company shall pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, the Shares issued as components of Share Stapled Units. The Trustee-Manager shall pay the expenses of the issue and delivery of, and all expenses of obtaining listing for, the Units issued as components of Share Stapled Units out of the Trust Property. The obligations of the Company and the Trustee-Manager to issue Shares and Units are subject to the requirements of the relevant laws and regulations, the Trust Deed and any consent or other approval from any necessary authority.

Subject to the exercise of the Exchange Right, the Trustee-Manager and the Company must ensure that each Unit remains Linked to a specifically identified Ordinary Share registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) and each Unit remains Stapled to a specifically identified Preference Share.

NEW ISSUE ON *PRO RATA* BASIS

After the Listing Date, new Share Stapled Units and/or Convertible Instruments may be offered by the Trustee-Manager and the Company acting jointly by mutual agreement between them, on a *pro rata* basis as a Rights Issue (as defined below) without the prior approval of Registered Holders of Units or Registered Holders of Share Stapled Units other than where any such issue together with such Convertible Instruments (assuming their exercise in full), would increase the total number of issued Share Stapled Units by more than 50% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) (on its own or when aggregated with any other *pro rata* issue of Share Stapled Units under the Trust Deed or open offers announced, (a) within the 12 month period immediately preceding the announcement of the proposed Rights Issue; or (b) prior to such 12 month period where dealing in respect of Share Stapled Units issued pursuant thereto commenced within such 12 month period, together with any Convertible Instruments (assuming their exercise in full) granted or to be granted to Holders of Share Stapled Units as part of such *pro rata* issues or open offers), in which case such issue shall require the prior approval of an Ordinary Resolution of Registered Holders of Units in respect of which any Holder of Share Stapled Units holding not less than 30% of the issued Share Stapled Units, and the associates of any such Holder, or where there is no person holding 30% or more of the issued Share Stapled Units, Directors of the Company and the Trustee-Manager (in each case, excluding independent non-executive Directors), the chief executive of the Company and the associates of those Directors and the chief executive, shall abstain from voting in favour. For such purposes, the effect on the total number of issued Share Stapled Units of any relevant issue under the Trust Deed (and the relevance and effect of any other issue within the relevant preceding 12 month period) shall be estimated and determined by the Trustee-Manager and the Company jointly, in good faith and using their respective best endeavours, having regard to the terms and conditions of the relevant offer(s) or issue(s) under the Trust Deed.

A "**Rights Issue**" means an offer of Share Stapled Units and/or Convertible Instruments to all existing Registered Holders of Share Stapled Units on a *pro rata* basis and an offer of Share Stapled Units and/or Convertible Instruments shall be considered and deemed to be made on a *pro rata* basis notwithstanding that (a) the Trustee-Manager and the Company acting jointly may, after making due enquiry regarding the applicable jurisdiction, determine that Share Stapled Units and/or Convertible Instruments are not to be offered to some or all of the persons whose addresses are outside Hong Kong, and/or that the Share Stapled Units and/or Convertible Instruments shall be offered on a basis, or containing such other terms, providing for any such other exclusions or adjustments determined by the Trustee-Manager and the Company acting jointly, if the Trustee-Manager and the Company by mutual agreement between them consider such exclusions or adjustments to be necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or under the requirements of any recognised regulatory body or stock exchange, of any territory or jurisdiction outside Hong Kong and/or (b) where and to the extent that Registered Holders of Share Stapled Units do not accept any offer of Share Stapled Units and/or Convertible Instruments within the applicable period for acceptance (as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them), such Share Stapled Units and/or Convertible Instruments may be offered or made available to, and taken up by, other persons as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them, subject to compliance with the relevant laws and regulations (including the applicable Listing Rules).

NEW ISSUE OTHER THAN ON A *PRO RATA* BASIS UNDER GENERAL MANDATE

The Trust Deed provides that, subject to the lock-up provisions applicable under the Listing Rules, any applicable lock-ups agreed with underwriters, any other applicable provisions of the Listing Rules, the provisions of the Trust Deed requiring that Units be Linked to Ordinary Shares and Stapled to Preference Shares, the provisions below and the provisions described in *"New Issue to a Connected Person"* below, Share Stapled Units may be issued or agreed (conditionally or unconditionally) to be issued, after the Listing Date and on or prior to the date of the first annual general meeting of Registered Holders of Units held after the Listing Date (whether directly or pursuant to any Convertible Instrument), without the approval of an Ordinary Resolution of Registered Holders of Units if the total number of new Share Stapled Units issued, or agreed (conditionally or unconditionally) to be issued, under this provision of the Trust Deed, otherwise than pursuant to (a) a Rights Issue or (b) any distribution reinvestment arrangement providing for the issue of Share Stapled Units in lieu of all or part of a distribution on Share Stapled Units in accordance with the Trust Deed and the Company's Articles, does not increase the number of Share Stapled Units outstanding immediately following the Listing Date by more than 20%.

Any issue of, or any agreement (whether conditional or unconditional) to issue, new Share Stapled Units exceeding the percentage threshold specified above shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units, except that agreements to issue new Share Stapled Units exceeding such percentage threshold which are conditional upon specific prior approval by an Ordinary Resolution of Registered Holders of Units may be entered into without first obtaining such prior approval.

The authority granted under the general mandate described above shall only remain in effect until the conclusion of the first annual general meeting of Registered Holders of Units following the Listing Date, or the expiration of the period within which such annual general meeting is required to be held, or until revoked, renewed or varied by an Ordinary Resolution of Registered Holders of Units, whichever occurs first.

At each subsequent annual general meeting, the Registered Holders of Units may by an Ordinary Resolution of Registered Holders of Units grant a general mandate to the Directors of the Company and the Trustee-Manager to issue Share Stapled Units not exceeding 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) of the

Share Stapled Units in issue as at the date of passing of such Ordinary Resolution in accordance with the provisions of the Trust Deed, the terms of such Ordinary Resolution and the relevant laws and regulations.

ISSUES OTHER THAN ON A *PRO RATA* BASIS

Any other issue of, or any agreement (whether conditional or unconditional) to issue, new Share Stapled Units and/or Convertible Instruments shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units, except that agreements to issue new Share Stapled Units which are conditional upon specific prior approval of an Ordinary Resolution of Registered Holders of Units may be entered into without first obtaining such prior approval.

NEW ISSUE UNDER A DULY ADOPTED OPTION SCHEME

The Trust Deed enables the Unitholders to adopt a scheme (equivalent to a share option scheme commonly adopted by listed companies) under which options to subscribe for Share Stapled Units may be granted to the management, executives or employees of the Group and other eligible participants falling within defined categories of persons specified in the relevant scheme. The Trust Deed provides that the Trustee-Manager is not permitted to be a participant under any such option scheme.

The Trust Deed provides that such an option scheme may be adopted by an Ordinary Resolution of Registered Holders of Units and subject to compliance with the Listing Rules. In relation to any such scheme so adopted, notwithstanding any other provisions in the Trust Deed, no further approval of Registered Holders of Units will be required for any issue of options to subscribe for new Share Stapled Units (including, if not so prohibited under such option scheme, to any connected person) pursuant to such option scheme (including, if not so prohibited under such option scheme, without any consideration) or any issue of Share Stapled Units pursuant to the exercise of such options (including, if not so prohibited under such option scheme, to any connected person and/or without any consideration).

NEW ISSUE TO A CONNECTED PERSON

An issue or offer of new Share Stapled Units and/or Convertible Instruments to a connected person (other than (i) pursuant to a Rights Issue or as part of any offer made to all Registered Holders of Share Stapled Units on a pro rata basis or (ii) where the connected person receives a pro rata entitlement to Share Stapled Units and/or Convertible Instruments in its capacity as a Registered Holder of Share Stapled Units) shall require specific prior approval by an Ordinary Resolution of Registered Holders of Units in respect of which the connected person does not vote in favour of the Ordinary Resolution of Registered Holders of Units, except where such issue or offer is made under any of the following circumstances:

(a) a capitalisation issue (in so far as such issue is offered to the Registered Holders of Share Stapled Units on a pro rata basis);

(b) an issue of Share Stapled Units in respect of reinvestment of distributions to Registered Holders of Share Stapled Units;

(c) an issue of Share Stapled Units upon the exercise of options granted to a connected person made in accordance with a duly adopted option scheme; or

(d) an issue of Share Stapled Units and/or Convertible Instruments to a connected person made in accordance with the provisions of the Trust Deed relating to *"Top-Up Placing"* and *"Connected Underwriting"*, as described below.

For the purpose of this provision under the Trust Deed, an offer of Share Stapled Units and/or Convertible Instruments shall be considered and deemed to be made on a *pro rata* basis notwithstanding that (a) the Trustee-Manager and the Company, acting jointly, may, after making due enquiry regarding the applicable jurisdiction, determine that Share Stapled Units and/or Convertible Instruments are not to be offered to some or all of the persons whose addresses are outside Hong Kong, and/or that the Share Stapled Units and/or Convertible Instruments should be offered on a basis, or containing such other terms, providing for any such other exclusions or adjustments determined by the Trustee-Manager and the Company acting jointly, if the Trustee-Manager and the Company by mutual agreement between them consider such exclusions or adjustments to be necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws, or under the requirements of any recognised regulatory body or stock exchange, of any territory or jurisdiction outside Hong Kong; and/or (b) where and to the extent that Registered Holders of Share Stapled Units do not accept any offer of Share Stapled Units and/or Convertible Instruments within the applicable period for acceptance (as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them), such Share Stapled Units and/or Convertible Instruments may be offered or made available to, and taken up by, other persons as determined by the Trustee-Manager and the Company acting jointly by mutual agreement between them, subject to compliance with the relevant laws and regulations (including the applicable Listing Rules).

TOP-UP PLACING

An issue of new Share Stapled Units and/or Convertible Instruments to a connected person may be made without specific prior approval by an Ordinary Resolution of Registered Holders of Units where the following requirements are complied with:

(a) new Share Stapled Units and/or that class of Convertible Instruments are issued to a connected person within 14 days after such connected person has executed an agreement to reduce its holding of Share Stapled Units and/or that class of Convertible Instruments by placing such Share Stapled Units and/or class of Convertible Instruments to a third person or third persons who is/are not its associate(s);

(b) such new Share Stapled Units and/or class of Convertible Instruments must be issued at a price not less than the placing price (which issue price may however be adjusted for the expenses of the placing); and

(c) the number of new Share Stapled Units and/or that class of Convertible Instruments issued to the connected person must not exceed the number of Share Stapled Units and/or that class of Convertible Instruments placed by it.

CONNECTED UNDERWRITING

An issue of new Share Stapled Units and/or Convertible Instruments to a connected person may be made without specific prior approval by an Ordinary Resolution of Registered Holders of Units where the connected person is acting as underwriter or sub-underwriter of an issue of new Share Stapled Units and/or Convertible Instruments and the following requirements are complied with:

(a) full disclosure of the terms and conditions of the underwriting or sub-underwriting shall be made in the listing document pursuant to which such new Share Stapled Units and/or Convertible Instruments may be issued;

(b) if no arrangements or arrangements other than those described in *"Arrangements in Connection with Rights Issue and Open Offer"* below are made for the disposal of Share Stapled Units and/or Convertible Instruments (in the case of a Rights Issue) not subscribed by the allottees under provisional letters of allotment or their renounces or (in the case of an open offer) not validly applied for, then the absence of such arrangements or the making of such other arrangements must be specifically approved by an Ordinary Resolution of Registered Holders of Units and those persons who have a material interest in such other arrangements must abstain from voting on the matter at the meeting and the circular to Registered Holders of Share Stapled Units must contain full details of the terms and conditions of that underwriting and/or sub-underwriting; and

(c) any applicable provisions of the Listing Rules where a connected person is acting as an underwriter or sub-underwriter of any offer of shares or other securities by a listed company (with necessary changes being made, as if those provisions were applicable to the Share Stapled Units) are complied with.

ARRANGEMENTS IN CONNECTION WITH RIGHTS ISSUE AND OPEN OFFER

In every Rights Issue, the Trustee-Manager and the Company may, by mutual agreement between them, make arrangements to:

(a) dispose of Share Stapled Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment or their renouncees by means of excess application forms, in which case such Share Stapled Units and/or Convertible Instruments must be available for subscription by all Registered Holders of Share Stapled Units (provided that the Trustee-Manager and the Company acting jointly may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in their absolute discretion, elect to exclude those Registered Holders of Share Stapled Units whose addresses are outside Hong Kong if the Trustee-Manager and the Company jointly consider such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdiction(s)) and allocated on a fair basis; or

(b) dispose of Share Stapled Units and/or Convertible Instruments not subscribed by allottees under provisional letters of allotment in the market, if possible, for the benefit of the persons to whom they were offered by way of rights,

and the offer of such securities must be fully disclosed in the rights issue announcement, listing document and any relevant circular.

In every open offer, the Trustee-Manager and the Company may jointly, by mutual agreement between them, make arrangements to dispose of Share Stapled Units and/or Convertible Instruments not validly applied for by Registered Holders of Share Stapled Units in excess of their assured allotments, in which case such Share Stapled Units and/or Convertible Instruments must be available for subscription by all Registered Holders of Share Stapled Units (provided that the Trustee-Manager and the Company may, after making enquiry regarding the applicable law in any applicable jurisdiction other than Hong Kong, in their absolute discretion, elect to exclude those Registered Holders of Share Stapled Units whose addresses are outside Hong Kong if the Trustee-Manager and the Company jointly consider such exclusion to be necessary or expedient on account either of the legal restrictions or requirements of the regulatory bodies or stock exchanges in such jurisdictions(s)) and allocated on a fair basis, and the offer of such securities must be fully disclosed in the open offer announcement, listing document and any relevant circular.

FRACTIONS, BOARD LOTS AND TIMING OF ISSUE

No fraction or part of a Share Stapled Unit (or any component part thereof) shall be issued whether on an initial issue of Share Stapled Units or any subsequent issue.

If any fraction of a Share Stapled Unit (or any component part thereof) arises, the Trustee-Manager and the Company acting jointly shall, in respect of each Registered Holder of Share Stapled Units' entitlement to Share Stapled Units, round down (and not round up) to the nearest whole Share Stapled Unit and any balance of subscription monies arising from such rounding down of the Share Stapled Unit (or any component part thereof) shall be retained as part of the Trust Property.

The Trustee-Manager and the Company shall not be bound to accept an application for an issue of Share Stapled Units pursuant to an initial public offering of Share Stapled Units giving rise to a holding of fewer than 500 Share Stapled Units (or such other number of Share Stapled Units as may be determined by the Trustee-Manager and the Company jointly by mutual agreement).

Issues of Share Stapled Units shall only be made on a business day unless and to the extent that the Trustee-Manager and the Company otherwise jointly prescribe.

THE SHARE STAPLED UNITS MAY NOT BE REPURCHASED OR REDEEMED

Holders of Share Stapled Units have no right to demand for the repurchase or redemption of their Share Stapled Units.

Except for the repurchase or redemption of Preference Share in accordance with the provisions of the Trust Deed and the Company's Articles, the Trust Deed does not permit the Trustee-Manager to repurchase or redeem any Share Stapled Units on behalf of Jinmao Investments unless and until expressly permitted to do so by the relevant codes and guidelines issued by the SFC from time to time. Thereafter, the Trustee-Manager may repurchase or redeem Share Stapled Units but only to the extent permitted by, and in accordance with the provisions of, the relevant laws and regulations and applicable codes and guidelines as may be issued by the SFC from time to time; and only with the agreement of the Company and in circumstances where the Company repurchases or redeems the Ordinary Shares and the Preference Shares included in any Share Stapled Units to be repurchased or redeemed.

TRANSFERS

If and for so long as the Share Stapled Units are listed on the Stock Exchange, transfers of Share Stapled Units between CCASS Participants shall be effected electronically through CCASS making an appropriate entry in its records in respect of the Share Stapled Units that have been transferred, in accordance with the CCASS Requirements.

In respect of Share Stapled Units which are not deposited with CCASS, every Registered Holder of Share Stapled Units shall be entitled to transfer any of the Share Stapled Units held by him or, in the case of Joint Registered Holders of Share Stapled Units, by them, as follows:

(a) a transfer of Share Stapled Units shall be effected (i) by an instrument of transfer in writing in such form as the Trustee-Manager and the Company may from time to time approve or in a form prescribed by the Stock Exchange, accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units or (ii) in any other manner as the Trustee-Manager and the Company may from time to time approve; and

(b) every instrument of transfer relating to Share Stapled Units must be signed by the transferor and the transferee and the transferor shall be deemed to remain the holder of the Share Stapled Units transferred until the name of the transferee is entered in the Share Stapled Units Register in respect thereof. The instrument of transfer need not be a deed. The Trustee-Manager and the Company may also agree, upon request by the transferor or the transferee, to accept mechanically executed transfers. Instruments of transfer executed by machine imprinted signatures of a clearing house shall be acceptable.

Every instrument of transfer must be duly stamped (if required by law) and left with the Registrar (or where there is no Registrar, with the Trustee-Manager) for registration accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units and any necessary declarations or other documents that may be required in consequence of any relevant laws and regulations and by such evidence as the Registrar or the Trustee-Manager or the Company may require to prove the title of the transferor or his right to transfer the Share

Stapled Units. The Registrar (or where there is no Registrar, the Trustee-Manager) may dispense with the production of any certificate which shall have become lost, stolen or destroyed upon compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof.

In respect of Share Stapled Units which are not deposited with CCASS, the Trustee-Manager and the Company shall alter or cause to be altered the Share Stapled Units Register (and the other registers) to record the date of each transfer of Share Stapled Units and the name and address of the transferee.

No Registered Holder of a Share Stapled Unit may require the transfer of a Share Stapled Unit to be registered during any period for which the Share Stapled Units Register is closed. Subject to the relevant laws and regulations, the Share Stapled Units Register may be closed at such times and for such periods as the Trustee-Manager may from time to time determine, provided that the Share Stapled Units Register shall not be closed for more than 30 days in any one year.

Share Stapled Units shall only be transferable:

(a) in the form of Share Stapled Units and not as the individual components (Unit, beneficial interest in an Ordinary Share and a Preference Share) comprising a Share Stapled Unit; and

(b) in multiples of one Share Stapled Unit.

No transfer shall be registered if the registration thereof would result in the transferor or the transferee being a registered holder of less than one Share Stapled Unit.

Title to the Share Stapled Units passes only by transfer of Share Stapled Units, or by transmission of Share Stapled Units, and registration of the transferee(s) in the Share Stapled Units Register in accordance with the Trust Deed.

The entries in the Share Stapled Units Register shall (save in the case of manifest error) be conclusive evidence of the number of Share Stapled Units held by each Registered Holder of Share Stapled Units and the title of that Registered Holder of Share Stapled Units to those Share Stapled Units.

EXCHANGE RIGHT

The Registered Holders of Share Stapled Units have the right to exchange all the Share Stapled Units for Ordinary Shares at any time by passing an Extraordinary Resolution of Registered Holders of Units providing for the exchange of Share Stapled Units for Ordinary Shares. Please refer to *"Quorum and Voting at Meetings of Registered Holders of Units"* below on the manner in which a Registered Holder of Share Stapled Units can call for an extraordinary general meeting and move a resolution to exercise the Exchange Right. The right of the Registered Holders of Share Stapled Units to exchange their Share Stapled Units for Ordinary Shares is called the "**Exchange Right**". Any such Extraordinary Resolution of Registered Holders of Units, if duly passed, shall have the effect of exercising the Exchange Right in respect of all the issued and outstanding Share Stapled Units at the relevant time and shall be binding on all the Registered Holders of Share Stapled Units.

Upon the exercise of the Exchange Right by passing an Extraordinary Resolution of Registered Holders of Units in accordance with the Trust Deed, the Units and the Preference Shares comprising the issued and outstanding Share Stapled Units shall be exchanged with the Trustee-Manager and cancelled, and in consideration and in exchange therefor, the Trustee-Manager shall transfer the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to the Units comprising the Share Stapled Units so cancelled, to the persons registered in the Share Stapled Units Register as the Registered Holders of Share Stapled Units.

The number of Ordinary Shares to be transferred on exchange of Share Stapled Units is one Ordinary Share for each Unit which is a component of the Share Stapled Units. Therefore, because each Share Stapled Unit includes one Unit, the number of Ordinary Shares to be transferred on exchange of Share Stapled Units is one Ordinary Share for each Share Stapled Unit.

The Exchange Right may not be exercised following an Ordinary Resolution of Registered Holders of Units or Extraordinary Resolution of Registered Holders of Units directing the termination of Jinmao Investments having been passed in accordance with the Trust Deed.

SUB-DIVISION AND CONSOLIDATION OF UNITS

Subject to the provisions of the Trust Deed and to the relevant laws and regulations, the Trustee-Manager and the Company may jointly, by mutual agreement between them, with the prior approval of an Ordinary Resolution of Registered Holders of Units, determine that each Unit shall be sub-divided into two or more Units or consolidated with one or more other Units and the Unitholders shall be bound accordingly. The Trustee-Manager and the Company shall procure that the specifically identified Ordinary Shares held by the Trustee-Manager and Linked to the Units and the specifically identified Preference Shares Stapled to the Units shall each be sub-divided or consolidated (as the case may be) on the same terms, *mutatis mutandis*, as the Units which are being sub-divided or consolidated (as the case may be).

The Units Register shall be altered accordingly to reflect the new number of Units held by each Registered Holder of Units as a result of such sub-division or consolidation. Corresponding alterations shall also be made to the Share Stapled Units Register, the Register of Members and the Register of Beneficial Interests to reflect the sub-division or consolidation of the Units, the specifically identified Ordinary Shares and the specifically identified Preference Shares (as applicable).

RIGHTS OF REGISTERED HOLDERS OF UNITS

Registered Holders of Units shall be entitled to enforce the rights of the Registered Holders of Units and the obligations of the Trustee-Manager and the Company to the Registered Holders of Units under this Deed.

For so long as the Share Stapled Units are listed on the Stock Exchange, the Trustee-Manager and the Company shall use their respective reasonable endeavours to ensure that:

(a) the Share Stapled Units are eligible for admission to CCASS;

(b) the Trustee-Manager shall record HKSCC Nominees as the registered holder of all Share Stapled Units in issue which are deposited with CCASS and shall record a holder (other than HKSCC Nominees) as the Registered Holder of Share Stapled Units which are held by such holder and not deposited with CCASS;

(c) a Share Stapled Unit represented by an entry in the Share Stapled Units Register in the name of the Registered Holder of a Share Stapled Unit (other than HKSCC Nominees) can be deposited in CCASS and registered in the Share Stapled Units Register in the name of HKSCC Nominees in accordance with the CCASS requirements and otherwise on terms and conditions as may be prescribed by HKSCC or the Trustee-Manager and the Company acting jointly; and

(d) a Share Stapled Unit deposited in CCASS can be withdrawn from CCASS and be represented by an entry in the Share Stapled Units Register in the name of a Registered Holder of a Share Stapled Unit (other than HKSCC Nominees) in accordance with the CCASS requirements and otherwise on terms and conditions as may be prescribed by HKSCC or by the Trustee-Manager and the Company acting jointly.

The information specified in the Trust Deed in respect of the Share Stapled Units and transfers of those Share Stapled Units must be entered in the Share Stapled Units Register. The information specified in the Trust Deed in respect of the Units and the Stapled Preference Shares which are components of the Share Stapled Units, and transfers of those Units and Stapled Preference Shares, must also be entered in the Units Register and the Hong Kong Register of Members, respectively; and the beneficial interests in the Linked Ordinary Shares component of the Share Stapled Units and transfers of those beneficial interests must be entered in the Register of Beneficial Interests.

The registered holder(s) of a Share Stapled Unit shown in the Share Stapled Units Register, the registered holder(s) of the Unit which is a component of the relevant Share Stapled Unit, the holder of the beneficial interest in the specifically identified Ordinary Share which is Linked to that Unit and the registered holder(s) of the specifically identified Preference Share which is a component of the relevant Share Stapled Unit must, at all times, be the same person(s).

Certificates in respect of Share Stapled Units will be printed in accordance with all applicable requirements of the Stock Exchange and/or any alternative stock exchange on which the Share Stapled Units are listed from time to time, will be in a form approved by the Trustee-Manager and the Company and shall be *prima facie* evidence of the title of the person named in the certificate to the Share Stapled Units.

DISTRIBUTIONS

The Trust Deed requires the Trustee-Manager to distribute 100% of the dividends, distributions and other amounts received by the Trustee-Manager in respect of the Ordinary Shares from the Company, after deduction of all amounts permitted to be deducted or paid under the Trust Deed (such as operating expenses of Jinmao Investments) (the "**Trust Distributable Income**").

The distributions received by the Trustee-Manager from the Company will be derived from the Group Distributable Income, which is derived from the Group's annual financial results.

The Trust Deed and the Company's Articles state that, except with the prior approval of an Ordinary Resolution of Registered Holders of Units and an ordinary resolution of Shareholders and subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute (a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% in respect of each financial year thereafter. In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Directors may declare and distribute such additional amounts as the Company Directors in their discretion determine.

If the Group sells any fixed assets or properties, the Company Directors may, at their discretion, retain all or any part of the proceeds (including any realised gains) from such sale (less associated taxes and expenses and associated debt repayments), including any amounts retained for the purpose of servicing future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement (such amounts retained for debt repayment and covenant compliance being "**Excluded Amounts**"), for up to five years following such sale and may utilise the retained proceeds (other than the Excluded Amounts) for the acquisition of other fixed assets or properties, FF&E Reserve and/or capital expenditure. To the extent that all or any part of the retained proceeds (other than the Excluded Amounts) are not utilised for the purposes described above within five years following such sale, the Company will distribute such retained proceeds (other than the Excluded Amounts) to the Trustee-Manager.

The distributions received by the Trustee-Manager from the Company (after deducting the operating expenses of Jinmao Investments) will be used to fund distributions in respect of the Share Stapled Units to be made by the Trustee-Manager (on behalf of Jinmao Investments).

It is the current intention of the Company Board that the Company will declare and make distributions to the Trustee-Manager on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014), with the interim and final distributions in respect of a financial year being equal, in aggregate, to 100% or not less than 90% (as the case may be) of the Group Distributable Income in respect of that financial year. The respective proportions of the aggregate annual distribution to be paid as an interim distribution and a final distribution shall be determined by the Company Board in its discretion and the amount of the interim distribution need not be proportionate to the Group Distributable Income in respect of the first six months of the relevant financial year (or other period in respect of which the distribution is made) or proportionate to the Group Distributable Income in respect of the relevant financial year.

Under the Trust Deed, subject to the relevant laws and regulations and the requirement that the Trustee-Manager distribute 100% of the Trust Distributable Income to the Holders of Share Stapled Units, the Trustee-Manager may declare a distribution in cash to the Holders of Share Stapled Units out of the Trust Property in respect of such period, of such amounts and on such dates as it may think fit.

In addition, under the Trust Deed, the Trustee-Manager may also distribute an amount which represents part of the capital of Jinmao Investments and which the Trustee-Manager reasonably determines to be in excess of the financial needs of Jinmao Investments and/or part or all of the unrealised gains.

The form, frequency and amount of future distributions (if any) will depend on the earnings, financial position and results of operations of the Group, as well as contractual restrictions (including limitations on borrowings under the Trust Deed and compliance with financial undertakings imposed under the Group's loan facilities agreements), provisions of applicable laws and regulations and other factors including, but not limited to, funding requirements with reference to the prevailing business environment and operations, and expansion plans, other capital management considerations, the overall stability of distributions and prevailing industry practice. If the distribution policy were to be changed in the future, the Trustee-Manager and the Company will issue an announcement describing the relevant change.

After Jinmao Investments has been admitted to the Main Board of the Stock Exchange, the Trustee-Manager will make distributions to Holders of Share Stapled Units on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014), from the interim and final distributions to be made by the Company to the Trustee-Manager as described above. The Trustee-Manager will pay the interim distribution within four months after 30 June and the final distribution within six months after 31 December of each year.

The Trustee-Manager will inform the Stock Exchange immediately of:

(a) any decision to declare, recommend or pay any distribution and the rate and amount thereof;

(b) any decision not to declare, recommend or pay any distribution which would otherwise have been expected to be declared, recommended or paid in due course; and

(c) any preliminary announcement of profits or losses for any year, half year or other period.

The Trustee-Manager will inform the Registered Holders of Share Stapled Units of any decision referred to above by way of an announcement. The announcement must be made as soon as possible after the decision.

An announcement made in respect of a decision to declare, recommend or pay any distribution must include:

(a) the amount of the distribution and the distribution entitlement per Unit of the Registered Holders of Units;

(b) the record date and approximate payment date for the distribution;

(c) confirmation that the auditor has reviewed and verified the Trustee-Manager's calculation of the distribution entitlement per Unit, in accordance with the Trust Deed; and

(d) confirmation by the Trustee-Manager Board that, having made all reasonable enquiries, immediately after making the relevant distribution to the Registered Holders of Units, the Trustee-Manager will be able to fulfil, from the Trust Property, the liabilities of Jinmao Investments as they fall due.

All distributions are paid *pro rata* among Registered Holders of Units in proportion to the number of fully paid up Units held by the relevant Registered Holders of Units.

Upon declaration of any distribution per Unit made by the Trustee-Manager (on behalf of Jinmao Investments), Jinmao Investments shall be obliged to pay such distribution per Unit regardless of the number of Units in issue as at the record date for the relevant distribution, save where there is any consolidation or sub-division of Units, in which case appropriate adjustments shall be made accordingly.

If new Units (in the form of Share Stapled Units) are issued after the declaration of a distribution but on or before the record date for such distribution, the total amount to be distributed by Jinmao Investments shall be proportionately increased such that Registered Holders of Units at the record date for the distribution will all receive the distribution per Unit as declared. Notwithstanding the foregoing, where Jinmao Investments does not have sufficient cash flow to meet payments of distributions to Registered Holders of Units as a result of new Units having been issued after the declaration of a distribution, or if a payment of a distribution to Registered Holders of Units, if made, will breach any applicable covenants to which Jinmao Investments or the Group is subject, such unpaid distribution shall be accrued and shall be paid to the persons entitled thereto as soon as practicable after Jinmao Investments has sufficient cash flow to meet the payment obligations or is able to meet the payment obligations without breaching any applicable covenant (as the case may be), provided that no interest shall be paid on Registered Holders of Units' distributions entitlement accrued but not paid and that Registered Holders of Units shall be notified of the suspension of payments.

The Trustee-Manager may deduct from each Registered Holder of Units' distribution entitlement all amounts which:

(a) are necessary to avoid distributing a fraction of a cent by rounding down the relevant amount to the nearest cent;

(b) the Trustee-Manager determines not to be practical to distribute on a distribute date;

(c) equal any amount of tax which has been paid or which the Trustee-Manager determines is or may be payable by it in respect of the portion of the income of Jinmao Investments attributable to such Registered Holder of Units or the amount of the distribution otherwise distributable to such Registered Holder of Units;

(d) are required to be deducted by the relevant laws and regulations or the Trust Deed; or

(e) are payable by the Registered Holder of Units to the Trustee-Manager or the Company.

The Trustee-Manager may, at its absolute discretion and if practicable, cause such sums which represent monies remaining unclaimed for six years after the date on which such unclaimed monies are due to be paid, to be forfeited. For the avoidance of doubt, the monies so forfeited shall revert to Jinmao Investments and form part of the Trust Property and the relevant Registered Holders of Units shall not have any right or claim in respect of such monies against Jinmao Investments or the Trustee-Manager if a period of six years has elapsed from the date such monies are first payable.

NO DEBT

The Trustee-Manager is not permitted under the Trust Deed to, either for itself or for Jinmao Investments, borrow or raise monies or to charge, mortgage or create security over all or any of the assets or rights of Jinmao Investments or issue debentures or other debt securities. Jinmao Investments shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

QUORUM AND VOTING AT MEETINGS OF REGISTERED HOLDERS OF UNITS

The Trustee-Manager shall at least once in every calendar year convene a general meeting of the Registered Holders of Units as the annual general meeting thereof in addition to any other meetings in that year and shall specify the meeting as such in the notice calling it. The annual general meeting shall be held at such time and place as the Trustee-Manager shall appoint and not less than 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) in writing thereof shall be given to the Registered Holders of Units.

The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of the Registered Holders of Units holding not less than 5% of the Units for the time being in issue and outstanding) at any time convene a meeting of Registered Holders of Units at such time or place in Hong Kong (subject as hereinafter provided) as the party convening the meeting may think fit and propose resolutions for consideration at such meeting.

At any meeting of Registered Holders of Units, the Trustee-Manager or a person nominated by the Trustee-Manager shall be the chairman of the meeting. A declaration by the chairman that a resolution has been carried or carried unanimously or by a particular majority or lost shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

At least 14 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of every meeting shall be given to the Registered Holders of Units in the manner provided in the Trust Deed, except that at least 21 days' notice (exclusive of the day on which the notice is served or deemed to be served and of the day for which the notice is given) of the meeting shall be given to the Registered Holders of Units where an Extraordinary Resolution of Registered Holders of Units is proposed for consideration at such meeting. The notice shall specify the place, day and time of meeting and the terms of any resolution to be proposed thereat. The accidental omission to give notice to or the non-receipt of notice by any of the Registered Holders of Units shall not invalidate any resolution passed or any proceedings at any meeting.

Notwithstanding that a meeting of Registered Holders of Units is called by shorter notice than that referred to above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all the Registered Holders of Units entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the Registered Holders of Units having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the Units giving that right.

At any meeting of Registered Holders of Units, two or more Registered Holders of Units present in person, by corporate representative or by proxy, shall form a quorum for the transaction of business. No business shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. Split proxies (whereby a Registered Holders of Units may vote some of the Units registered in his name in favour of a resolution and some of them against) shall, for the avoidance of doubt, be permitted, provided that the provisions of the Trust Deed must be complied with in relation to a meeting of Registered Holders of Units and a meeting of Shareholders (or a combined meeting characterised as a meeting of Registered Holders of Share Stapled Units (a "**Meeting of Registered Holders of Share Stapled Units**") convened to consider the same, or substantially the same, matter.

A Registered Holder of Units is entitled to attend, speak and vote at any general meeting of the Registered Holders of Units in person or by proxy. A Registered Holder of Units may appoint more than one proxy (who need not be a Unitholder) to attend and vote at the same general meeting and such proxy shall have the same right as the Registered Holder of Units to speak at the general meeting. The instrument appointing a proxy and (if required by the Trustee-Manager) the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority shall be deposited at the place specified in the notice convening the meeting or in any notice of any adjournment or, in each case, in any document sent therewith (or, if no such place is specified, at the registered office of the Registrar) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date stated in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a Registered Holder of Units from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked. A person appointed to act as a proxy need not be a Registered Holder of Units.

Subject to the circumstances described below, at any meeting a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. A poll shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman may direct and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. The chairman may (and if so directed by the meeting shall) appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll. A poll shall be taken at such time and place as the chairman directs. A poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

The chairman of a meeting may in good faith allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every Registered Holder of Units present in person, by corporate representative or by proxy shall have one vote, provided that where more than one proxy is appointed by a Registered Holder of Units which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For the purposes of this paragraph, procedural and administrative matters are those prescribed under the Listing Rules to be voted on by a show of hands.

Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded:

(a) by the chairman; or

(b) by at least three Registered Holders of Units present in person or by proxy for the time being entitled to vote at the meeting; or

(c) by any Registered Holder(s) of Units present in person or by proxy and representing not less than one-tenth of the total voting rights of all the Registered Holders of Units having the right to vote at the meeting; or

(d) by any Registered Holder(s) of Units present in person or by proxy and holding Units conferring a right to vote at the meeting being Units on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Units conferring that right.

Unless a poll be so demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the meeting, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

On a vote permitted by way of show of hands, every Registered Holder of Units present in person (or in the case of a Registered Holder of Units being a corporation, by its duly authorised representative) shall have one vote and on a poll, every Registered Holder of Units who is present in person, by corporate representative or by proxy shall have one vote for every Unit of which he or she holds or represents provided such Units are fully paid up. Votes cast by a Registered Holder of Units in contravention of the applicable provisions of the Listing Rules shall not be counted.

An instrument of proxy may be in a usual common form or in any other form which the Trustee-Manager shall approve. The use of two-way proxy forms is not precluded.

Where a Registered Holder of Units is a recognised clearing house (within the meaning of the SFO) or its nominee(s), it may authorise such person or persons as it thinks fit to act as its representative(s) or proxy(ies) at any meeting of Registered Holders of Units or any class of Registered Holders of Units, provided that, if more than one person is so authorised, the authorisation or proxy form must specify the number of Units in respect of which each such person is so authorised. Each person so authorised will be entitled to exercise the same power on behalf of the recognised clearing house as that clearing house or its nominee(s) could exercise if it were an individual Registered Holder of Units.

HKSCC Nominees (or any successor thereto) may appoint more than one proxy or corporate representative to attend and vote at any meetings of Registered Holders of Units as if they were individual Registered Holders of Units and such representatives shall not be required to produce any documents of title or notarised authorisation in respect of such appointment.

CO-ORDINATION OF MEETINGS OF REGISTERED HOLDERS OF UNITS AND SHAREHOLDERS

The Trust Deed provides that matters requiring approval by a resolution of Registered Holders of Units under the Trust Deed must also be approved by an equivalent resolution of Shareholders. If a meeting of Registered Holders of Units is convened, a meeting of Shareholders must also be convened and *vice versa*.

To the extent permitted under relevant laws and regulations, meetings of Registered Holders of Units and meetings of Shareholders shall be held on a combined basis as a single Meeting of Registered Holders of Share Stapled Units. If that is not possible under the relevant laws and regulations, the meetings shall be held separately but consecutively, with the meeting of Registered Holders of Units being held immediately prior to the meeting of Shareholders.

A holder of a Share Stapled Unit will be entitled to exercise the following voting rights conferred by the Share Stapled Unit:

(a) a vote of the Unit which is a component of the Share Stapled Unit, at meetings of Registered Holders of Units convened and held in accordance with the provisions of the Trust Deed; and

(b) two votes at meetings of Shareholders convened and held in accordance with the provisions of the Company's Articles and the Trust Deed. Those votes are:

   (i) a vote in respect of the Preference Share which is Stapled to the Unit and registered in the name of the Registered Holder of the Share Stapled Unit in respect of any required resolution of Shareholders; and

   (ii) a vote in respect of the Ordinary Share which is Linked to the Unit and registered in the name of the Trustee-Manager. The vote conferred by the Ordinary Share which is Linked to the Unit is exercised by the Registered

Holder of the Share Stapled Unit giving a direction to the Trustee-Manager to vote that Ordinary Share at meetings of Shareholders, as described in *"Requirements for the Exercise By the Trustee-Manager of the Voting Rights Conferred by the Ordinary Shares"* below.

In relation to a Meeting of Registered Holders of Share Stapled Units, to the extent practicable a single resolution shall be proposed to approve the matter to be considered by the Registered Holders of Units and the Shareholders, which resolution shall be characterised as a resolution of the Registered Holders of Share Stapled Units and shall serve as both a resolution of Registered Holders of Units and a resolution of Shareholders.

In relation to meetings of Registered Holders of Units and Shareholders to be held separately but consecutively in accordance with the Trust Deed, to the extent practicable, the same or a substantially similar resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently) shall be proposed for consideration at each meeting.

In relation to both Meetings of Registered Holders of Share Stapled Units and meetings of Registered Holders of Units and Shareholders to be held separately but consecutively:

(a) in respect of each individual Share Stapled Unit, the voting rights conferred by a Unit and the specifically identified Preference Share which is Stapled to it, which are components of the relevant Share Stapled Unit, can only be exercised in the same way (either for or against) in respect of (as the case may be):

   (i) a single resolution proposed at a meeting characterised as a meeting of Registered Holders of Share Stapled Units; or

   (ii) a resolution of Registered Holders of Units and a resolution of Shareholders dealing with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and Shareholders; and

(b) a Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, which shall serve as a vote in respect of both the Unit and the Preference Share constituting that Share Stapled Unit, either for or against in respect of (as the case may be):

   (i) a resolution proposed at a meeting characterised as a meeting of Registered Holders of Share Stapled Units; or

   (ii) a resolution of Registered Holders of Units and a resolution of Shareholders, which deal with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and Shareholders.

A Registered Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units and some of them against the relevant resolution, provided that the provisions of the Trust Deed described in the foregoing paragraph are complied with in respect of each individual Share Stapled Unit registered in his name. Similarly, a Registered Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of both resolutions dealing with the same, or substantially the same, matter proposed at separate meetings of Registered Holders of Units and Shareholders held consecutively, and some of them against both those resolutions, provided that the provisions of the Trust Deed described in the foregoing paragraph are complied with in respect of each individual Share Stapled Unit registered in his name.

To the extent permitted by the relevant laws and regulations and the Company's Articles, a Meeting of Registered Holders of Share Stapled Units shall constitute:

(a) a meeting of the Registered Holders of Units; and

(b) a meeting of Shareholders.

REQUIREMENTS FOR THE EXERCISE BY THE TRUSTEE-MANAGER OF THE VOTING RIGHTS CONFERRED BY THE ORDINARY SHARES

The Trustee-Manager shall exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the same resolution.

In relation to any resolution to be proposed at a meeting of Shareholders to be held separately but consecutively with a meeting of Registered Holders of Units in accordance with the provisions of the Trust Deed, a corresponding resolution shall first be proposed at a meeting of Registered Holders of Units. This is to enable Registered Holders of Units, by exercising the voting rights conferred by the Units held by them, to give directions to the Trustee-Manager as to how to vote the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to those Units, in respect of the resolution(s) to be proposed at the meeting of Shareholders.

Subject to the arrangements described above which apply in respect of a Meeting of Registered Holders of Share Stapled Units, the Trustee-Manager shall only exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a meeting of Shareholders:

(a) if a meeting of Registered Holders of Units is or has been convened and held to consider the same, or substantially the same, matter (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently) or to determine how the Trustee-Manager should exercise the voting rights conferred by the Ordinary Shares at a meeting of Shareholders; and

(b) in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the resolution of Registered Holders of Units.

In respect of a resolution of Shareholders to be proposed at a Meeting of Registered Holders of Share Stapled Units, the Trustee-Manager shall not exercise the voting rights conferred by the Ordinary Shares held by it which are Linked to Units in respect of which no voting rights are or have been exercised at the relevant Meeting of Registered Holders of Share Stapled Units.

Similarly, in respect of a resolution of Shareholders to be proposed at a separate but consecutive meeting of Shareholders held in accordance with the Trust Deed, the Trustee-Manager shall not exercise the voting rights conferred by the Ordinary Shares held by it which are Linked to Units in respect of which no voting rights have been exercised at a meeting of Registered Holders of Units convened under the Trust Deed to consider the same or substantially the same matter or to determine how the Trustee-Manager should exercise the voting rights conferred by the Ordinary Shares.

FORMS OF PROXY AND VOTING PAPERS

To the extent permitted by the relevant laws and regulations, in the case of a Meeting of Registered Holders of Share Stapled Units, the form of proxy to be provided to Registered Holders of Share Stapled Units, and the form of voting paper, will, in each case, be a single, composite, form. Unless otherwise expressly stated in the form of proxy or the form of voting paper provided for use in respect of the Meeting of Registered Holders of Share Stapled Units, the effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution characterised in the form of proxy or voting paper as a resolution of Registered Holders of Share Stapled Units to be proposed at a Meeting of Registered Holders of Share Stapled Units shall be that the vote given in respect of the Share Stapled Units in question shall constitute:

(a) a vote of the Units included in the Share Stapled Units, in respect of any required resolution of Registered Holders of Units;

(b) a vote of the Preference Shares Stapled to those Units in respect of any required resolution of Shareholders; and

(c) an instruction to the Trustee-Manager to vote the number of Ordinary Shares Linked to the relevant Units in the same way (either for or against) in respect of any required resolution of Shareholders.

To the extent permitted by the relevant laws and regulations, in the case of meetings of Registered Holders of Units and Shareholders held separately but consecutively to consider the same, or substantially the same, resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently), the form of proxy and the form of voting paper provided for use in respect of the meeting of Registered Holders of Units shall, unless expressly stated otherwise in the relevant form, have the effect that the vote given in respect of Units either for or against a resolution shall also constitute an instruction to the Trustee-Manager to vote the same number of Ordinary Shares which are “Linked” to the Units in the same way (either for or against) in respect of the resolution dealing with the same, or substantially the same, matter at the separate but consecutive meeting of Shareholders.

The forms of proxy and voting paper provided for use in respect of the meetings referred to above shall contain prominent statements detailing the effect of completing the relevant form indicating a vote either for or against the relevant resolution(s).

MATTERS REQUIRING THE APPROVAL OF REGISTERED HOLDERS OF UNITS

The Trust Deed requires that the following matters may only be effected with prior approval by an Ordinary Resolution of Registered Holders of Units:

(a) the listing of the Share Stapled Units on an alternative stock exchange;

(b) offers of new Share Stapled Units and/or Convertible Instruments on a pro rata basis as a Rights Issue where any such issue together with such Convertible Instruments (assuming full conversion), would increase the total number of issued Share Stapled Units by more than 50% (or such other percentage as may, from time to time, be prescribed by the Listing Rules);

(c) the grant of a general mandate to the Directors of the Company and the Trustee-Manager to issue new Share Stapled Units (whether directly or pursuant to any Convertible Instrument) other than on a pro rata basis not exceeding 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) of the Share Stapled Units in issue as at the date of the passing of such Ordinary Resolution;

(d) any issue of or any agreement to issue new Share Stapled Units or Convertible Instruments other than on a *pro rata* basis (a limited general mandate to issue Share Stapled Units was conditionally approved prior to the Listing Date);

(e) adoption of a Share Stapled Units option scheme, pursuant to which Share Stapled Units and/or Convertible Instruments are to be issued;

(f) any issue of Share Stapled Units or Convertible Instruments to a connected person (other than (i) pursuant to a Rights Issue on a pro rata basis or (ii) where the connected person receives a pro rata entitlement to Share Stapled Units and/or Convertible Instruments in its capacity as a Registered Holder of Share Stapled Units) which does not fall within the exempted issues under the Trust Deed;

(g) issue of new Share Stapled Units at an issue price that is at a discount of more than 20% (or such other percentage as may, from time to time, be prescribed by the Listing Rules) to the market price of the Share Stapled Units;

(h) sub-division or consolidation of Units, Preference Shares and Ordinary Shares;

(i) declaration by the Trustee-Manager of a distribution to the Registered Holders of Units other than in cash (for the avoidance of doubt, distributions are only declared in respect of the Units and no distributions may be declared in respect of the Preference Shares except in the case of the winding up of the Company);

(j) the appointment and removal of an auditor;

(k) the fixing of the auditor's remuneration;

(l) the removal and appointment of the Trustee-Manager;

(m) the termination of Jinmao Investments in the event that any law is passed which renders Jinmao Investments illegal or, in the reasonable opinion of the Trustee-Manager, impracticable or inadvisable to continue Jinmao Investments;

(n) such matter requiring the approval of the Shareholders by way of an ordinary resolution pursuant to Article 18.2 of the Company's Articles;

(o) a transaction which is a connected transaction for Jinmao Investments or the Company under the Listing Rules and which is not exempt from independent shareholders' approval requirements under the Listing Rules; and

(p) a transaction which is a major transaction, very substantial disposal or very substantial acquisition under the Listing Rules,

provided that in the case of paragraphs (o) and (p) above, if the Listing Rules permit approval for the transaction to be given by written shareholders' approval from a shareholder or closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at a general meeting to approve the transaction (in lieu of holding a general meeting of shareholders), the transaction can be effected with the written approval from a Registered Holder of Units or a closely allied group of Registered Holders of Units together holding more than 50% of the total number of Units in issue at the relevant time, provided further that any other applicable requirements imposed under the Listing Rules in order for the transaction to be approved in that manner are also satisfied.

The Trust Deed requires that the following matters may only be effected with prior approval by an Extraordinary Resolution of Registered Holders of Units:

(a) change of name of Jinmao Investments;

(b) exchange of Share Stapled Units for Ordinary Shares pursuant to the Exchange Right;

(c) termination of Jinmao Investments by the Trustee-Manager; and

(d) modification of the Trust Deed as described below.

MODIFICATION OF CLASS RIGHTS

If at any time the Units are divided into different classes of Units, rights attached to any class of Units may only be modified with prior approval by an Extraordinary Resolution of the Registered Holders of Units of the relevant class passed at a separate meeting of the Registered Holders of Units of that class. The rights conferred upon the Registered Holders of Units of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such Units, be deemed to be varied by the creation or issue of further Units ranking *pari passu* therewith.

Notwithstanding anything to the contrary in the Trust Deed, the quorum for a separate meeting of Registered Holders of Units is the holders of at least one-third of the issued Units of that class.

POWER TO COMPULSORILY ACQUIRE SHARE STAPLED UNITS OF REGISTERED HOLDERS OF SHARE STAPLED UNITS

(a) In Respect of a General Offer

Where a scheme or contract involving the transfer of Share Stapled Units to another person (the "**Transferee**") has, within four months after the making of the offer in that behalf by the Transferee, been approved by the holders of not less than 90% in value of Share Stapled Units affected, the Transferee may, at any time within two months after the expiration of the said four months, give notice to any Registered Holder of Share Stapled Units who has not assented to the scheme or contract and any Registered Holder of Share Stapled Units who has failed or refused to transfer his Share Stapled Units to the Transferee in accordance with the scheme or contract (each, a "**Dissenting Holder**") that the Transferee desires to acquire the Dissenting Holder's Share Stapled Units, and where such notice is given, the Transferee shall, unless on application made to the courts in Hong Kong (in respect of the Units) and/or the courts in the Cayman Islands (in respect of the Preference Shares) by the Dissenting Holder within one month from the date on which the notice was given, the relevant court thinks fit to order otherwise, be entitled and bound to acquire those Share Stapled Units on the terms on which under the scheme or contract the Share Stapled Units of the approving Registered Holders of Share Stapled Units are to be transferred to the Transferee.

Where a notice has been given by the Transferee in accordance with the Trust Deed and the relevant court(s) has or have not, on an application made by Dissenting Holders, ordered to the contrary, the Transferee shall, on the expiration of one month from the date on which the notice was given or, if an application to the court(s) by the Dissenting Holder is then pending, after that application has been disposed of, transmit a copy of the notice to the Company and the Trustee-Manager and pay or transfer to the Trustee-Manager the amount or other consideration representing the price payable by the Transferee for the Share Stapled Units which by virtue of this provision the Transferee is entitled to acquire, and the Company and the Trustee-Manager shall thereupon register the Transferee as the Registered Holder of those Share Stapled Units.

Any sums received by the Trustee-Manager under this provision shall be paid into a separate bank account, and any such sums and other consideration so received shall be held by the Trustee-Manager on trust for the several persons entitled to the Share Stapled Units in respect of which the said sum or other consideration was respectively received.

(b) In Respect of a Scheme of Arrangement

Where a scheme of arrangement proposed between the Company and the Shareholders (a) has been approved by a majority in number representing 75% in value (or such other approval as may be required by the Cayman Companies Law from time to time) of the Shareholders and sanctioned by the Grand Court of the Cayman Islands in accordance with the Cayman Companies Law and (b) has been approved by an Extraordinary Resolution of

Registered Holders of Units, subject to compliance with the provisions of the relevant laws and regulations and the Takeovers Code, such scheme of arrangement shall, upon delivery to the Registrar of Companies in the Cayman Islands of a copy of the order sanctioning the same, be binding on all Shareholders and Unitholders (including the Registered Holders of Share Stapled Units) and also on the Company and the relevant Ordinary Shares, Preference Shares and Units (as components of the Share Stapled Units) shall be transferred to the Transferee, cancelled or otherwise dealt with (as the case may be) in accordance with the terms of such scheme of arrangement.

LIMITATION OF LIABILITY OF THE HOLDERS OF SHARE STAPLED UNITS

The Trust Deed contains provisions that are designed to limit the liability of a Holder of a Share Stapled Unit to the amount paid or payable for any Share Stapled Unit. The provisions seek to ensure that if the issue price of the Share Stapled Unit held by a Holder of Share Stapled Units has been fully paid, no such Holder of Share Stapled Units, by reason alone of being a Holder of Share Stapled Units or a Unitholder, will be personally liable to indemnify the Trustee-Manager in the event that the Trust Property is insufficient for the purposes of indemnifying the Trustee-Manager as provided in the Trust Deed.

POWERS OF THE TRUSTEE-MANAGER TO ADMINISTER JINMAO INVESTMENTS

The Trustee-Manager has the necessary powers under the Trust Deed to perform its function of administering Jinmao Investments.

POWERS OF THE TRUSTEE-MANAGER IN RELATION TO THE LISTING

Under the Trust Deed, the Trustee-Manager has been granted the powers necessary for the Listing and the issue and sale of the Share Stapled Units pursuant to the Global Offering.

DUTIES OF THE TRUSTEE-MANAGER UNDER THE TRUST DEED

The Trustee-Manager shall at all times act honestly and exercise the degree of care and diligence required of the Trustee-Manager under Hong Kong law and the Trust Deed in relation to the administration of Jinmao Investments.

The Trustee-Manager shall:

(a) act honestly and in good faith in the best interest of all the Registered Holders of Units as a whole;

(b) give priority to the interests of all the Registered Holders of Units as a whole over its own interests in the event of a conflict between the interests of all the Registered Holders of Units as a whole and its own interests;

(c) treat all Registered Holders of Units fairly and equally;

(d) ensure that the Trust Property is properly accounted for and be answerable to the Registered Holders of Units for the application or misapplication of any Trust Property;

(e) act for proper purpose;

(f) avoid actual and potential conflicts of interest and duty; and

(g) disclose fully to the Registered Holders of Units its interests in contracts with Jinmao Investments and/or the Group.

The Trustee-Manager shall not make improper use of any information acquired by virtue of its position as trustee or manager of Jinmao Investments to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the Registered Holders of Units.

The Trustee-Manager shall have the fiduciary duty to hold the Trust Property on trust for the benefit of the Registered Holders of Units and to comply with the Trust Deed and the relevant laws and regulations.

SEGREGATED ACCOUNTS

The Trustee-Manager shall be responsible for the safe custody of the Trust Property and shall comply with the following provisions:

(a) ***Distributions Account:*** all or any amount of cash received by the Trustee-Manager from the Group for the purpose of making distributions to the Unitholders shall be deposited in a segregated distributions account pending the relevant distribution to Unitholders. Amounts standing to the credit of the distributions account shall be held on trust for the Registered Holders of Units upon and subject to the terms and conditions of the Trust Deed. The distribution account shall be opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company and shall be operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company;

(b) ***Custody Account:*** all of the Ordinary Shares held by the Trustee-Manager under the Trust Deed shall be held in a segregated securities custody account opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company. The custody account shall be operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company. Securities held in the custody account shall be held on trust for the Registered Holders of Units upon and subject to the terms and conditions of the Trust Deed; and

(c) ***Subscriptions Account:*** all or any amount of cash received by the Trustee-Manager as the proceeds of subscriptions for the issue and/or sale of Share Stapled Units shall be deposited in a segregated subscriptions account pending the issue of the Share Stapled Units subscribed for by investors and completion of the relevant investment in the Company as part of the Authorised Business. The subscriptions account shall be opened and maintained with a licensed bank in Hong Kong in the joint names of the Trustee-Manager and the Company and operated by joint authorised signatories, at least one of whom shall be designated by the Trustee-Manager and at least one of whom shall be designated by the Company. Amounts standing to the credit of the subscriptions account shall be held on trust for the Registered Holders of Units pending the acceptance of their subscription applications for Share Stapled Units and the issue of their Share Stapled Units and thereafter shall be held on trust for the Company, in each case, upon and subject to the terms and conditions of the Trust Deed.

LIABILITY IN RELATION TO THE DISTRIBUTIONS ACCOUNT, THE CUSTODY ACCOUNT AND THE SUBSCRIPTIONS ACCOUNT

Save where the Trustee-Manager is fraudulent, in wilful default or negligent, the Trustee-Manager shall not incur any liability to the Unitholders in respect of or be responsible for losses incurred through the insolvency of, or any act or omission of, any of the licensed banks in Hong Kong with which the distributions account, the custody account and/or the subscriptions account is opened.

OTHER DUTIES OF THE TRUSTEE-MANAGER

The duties of the Trustee-Manager specified in the Trust Deed include, among other things, duties to:

(a) ensure that the Trust Property is properly segregated and held for the benefit of the Unitholders in accordance with the provisions of the Trust Deed;

(b) give priority to the interests of the Unitholders as a whole over its own interests in the event of a conflict of interest of Unitholders as a whole and its own interest;

(c) manage Jinmao Investments and engage in any Authorised Business in a proper and efficient manner in accordance with the relevant laws and regulations and the Trust Deed;

(d) send to Registered Holders of Share Stapled Units such reports, within the time limits and disclosing the matters, as required by the Trust Deed and the relevant laws and regulations;

(e) keep or cause to be kept such books as will sufficiently explain the transactions and financial position of Jinmao Investments and of the Trustee-Manager and enable true and fair accounts to be prepared from time to time and in such manner as will enable such books to be conveniently and properly audited;

(f) ensure that the Trust Deed and the Company's Articles are made available for inspection by the public in Hong Kong, free of charge, at all times during business hours at the place of business of the Trustee-Manager and ensure that copies of such documents are available upon request by any person upon the payment of a reasonable fee; and

(g) keep or cause to be kept such books that accurately record and minute the proceedings of all general meetings of Registered Holders of Units and the resolutions passed at those general meetings of Registered Holder of Units.

FINANCIAL STATEMENTS AND REPORTS

The Trustee-Manager shall prepare and publish (at the expense of Jinmao Investments):

(a) annual reports and financial statements of Jinmao Investments to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of Jinmao Investments;

(b) semi-annual reports and financial statements of Jinmao Investments to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of Jinmao Investments; and

(c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to Jinmao Investments and other relevant laws and regulations, within any relevant prescribed time periods.

The Trustee-Manager and the Company shall prepare and publish (at the expense of the Company):

(a) annual reports and financial statements of the Company to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of the Company;

(b) semi-annual reports and financial statements of the Company to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of the Company; and

(c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to the Company and other relevant laws and regulations, within any relevant prescribed time periods.

The financial statements of Jinmao Investments and the Company referred to above shall be prepared on a consolidated basis and will be published in the form of a combined document which will be sent to Registered Holders of Share Stapled Units within the applicable period(s) referred to above.

The Trustee-Manager shall prepare and publish (at the expense of Jinmao Investments):

(a) annual financial statements of the Trustee-Manager to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the annual reports and financial statements of Jinmao Investments;

(b) semi-annual financial statements of the Trustee-Manager to be published and distributed to Registered Holders of Share Stapled Units within the period prescribed by the Listing Rules for the publication of the semi-annual reports and financial statements of Jinmao Investments; and

(c) the financial statements, preliminary announcements of results and other reports, circulars and information required to be provided under the Listing Rules applicable to the Trustee-Manager and other relevant laws and regulations, within any relevant prescribed time periods.

The financial statements of the Trustee-Manager referred to above shall be prepared on an unconsolidated basis, unless the Trustee-Manager has any subsidiaries, in which case those financial statements shall be prepared on a consolidated basis. The combined document referred to above will also include the financial statements of the Trustee-Manager in respect of the relevant period.

The financial statements of Jinmao Investments, the Company and the Trustee-Manager referred to above shall include:

(a) a statement of financial position, statement of profit or loss and cash flow statement;

(b) a distributions statement;

(c) comparative figures for each of the foregoing for the corresponding previous year/period;

(d) accounting principles and explanatory notes;

(e) in respect of the annual financial statements, an auditor's report; and

(f) such other information as may be prescribed by the Listing Rules, including, but not limited to, any and all corporate governance reports required by the Listing Rules.

The Trustee-Manager's corporate governance report referred to in paragraph (f) above shall include a description of the policies and measures taken by the Trustee-Manager to manage conflicts and potential conflicts of interest between (1) Jinmao Investments and (2) any Unitholder holding 30% or more of the Units in issue, or any director or shareholder of the Trustee-Manager holding 30% or more of the issued shares in the Trustee-Manager.

The Trustee-Manager Board will confirm in the annual report that:

(a) the charges paid or payable out of the Trust Property of Jinmao Investments to the Trustee-Manager are in accordance with the Trust Deed;

(b) the connected transactions are entered into (i) in the ordinary and usual course of business of the Group and (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to or obtained from the independent third parties, with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Holders of Share Stapled Units as a whole; and

(c) the Trustee-Manager Board is not aware of any violation of duties of the Trustee-Manager which would have a material adverse effect on the business of Jinmao Investments or on the interests of all the Holders of Share Stapled Units as a whole.

Subject to relevant laws and regulations and unless otherwise agreed by the Trustee-Manager and the Company, the Trustee-Manager and the Company shall procure that the financial statements of Jinmao Investments, the Company and the Trustee-Manager are prepared under the same accounting standards and using substantially the same accounting policies. The financial statements of Jinmao Investments, the Company and the Trustee-Manager referred to above shall each be prepared in accordance with the relevant laws and regulations and either generally accepted accounting principles in Hong Kong or International Financial Reporting Standards as promulgated from time to time by the International Accounting Standards Board.

The annual financial statements of Jinmao Investments, the Company and the Trustee-Manager shall:

(a) each be audited by the same auditor and shall be accompanied by a report of the auditor; and

(b) be laid before the Registered Holders of Units in each annual general meeting of Registered Holders of Units and accompanied by a copy of the report of the auditor thereon and a report made by the directors of the Trustee-Manager.

ANNOUNCEMENTS, CIRCULARS AND OTHER DOCUMENTS

The Trustee-Manager and the Company shall ensure that Registered Holders of Share Stapled Units are sent:

(a) all circulars and other documents required to be issued (including, but not limited to, those required to be issued under the Listing Rules) to Shareholders or which are otherwise issued to Shareholders for any reason; and

(b) all circulars and other documents required to be issued (including, but not limited to, those required to be issued under the Listing Rules) to Registered Holders of Units, or which are otherwise issued to Registered Holders of Units for any reason.

The Trustee-Manager and the Company shall inform Registered Holders of Share Stapled Units by way of announcement as soon as reasonably practicable of any inside information (as defined in the SFO) in relation to Jinmao Investments and/or the Company as required by the SFO and any other information required to be disclosed pursuant to the Listing Rules or other relevant laws and regulations.

TRUSTEE-MANAGER BOARD AND COMPANY BOARD TO BE THE SAME

The board of directors of the Trustee-Manager shall at all times comprise the same individuals who serve as Company Directors. No person shall serve as a Trustee-Manager Director unless he also serves as a Company Director at the same time. No person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time. The office of a Trustee-Manager Director shall be vacated if he ceases to be a Company Director. The office of a Company Director shall be vacated if he ceases to be a Trustee-Manager Director.

No person shall be appointed or serve as an alternate in respect of a Trustee-Manager Director unless he is also appointed and serves as an alternate of the same person in his capacity as a Company Director. No person shall be appointed or serve as an alternate in respect of a Company Director unless he is also appointed and serves as an alternate of the same person in his capacity as a Trustee-Manager Director.

The Trustee-Manager's Articles and the Company's Articles shall each contain provisions to the effect of the applicable provisions set out above.

DUTIES OF THE TRUSTEE-MANAGER DIRECTORS UNDER THE TRUST DEED

A Trustee-Manager Director shall:

(a) act honestly and in good faith and exercise such degree of skill, care and diligence as may reasonably be expected of a person of his knowledge and experience holding his office with the Trustee-Manager in the discharge of the duties of his office and, in particular, shall take all reasonable steps to ensure that the Trustee-Manager discharges its duties under the Trust Deed;

(b) give priority to the interest of all the Registered Holders of Units as a whole over the interest of the Trustee-Manager in the event of a conflict between the interest of all the Registered Holders of Units as a whole and the interest of the Trustee-Manager;

(c) act for proper purpose;

(d) be answerable to the Trustee-Manager and the Registered Holders of Units for the application or misapplication of any Trust Property;

(e) avoid actual and potential conflicts of interest and duty; and

(f) disclose fully and fairly his interest in contracts with the Trustee-Manager and/or the Group.

An officer or agent of the Trustee-Manager shall not make improper use of any information acquired by virtue of his position as an officer or agent of the Trustee-Manager to gain, directly or indirectly, an advantage for himself or for any other person to the detriment of the Registered Holders of Units.

The duty of a Trustee-Manager Director under the Trust Deed shall be paramount and override any conflicting duty of such director to the shareholders of the Trustee-Manager. The memorandum and articles of association of the Trustee-Manager shall contain provisions to that effect and a company shall not be eligible to be appointed, or to continue, as a trustee-manager of Jinmao Investments if either its memorandum or articles of association do not contain those provisions.

EXPENSES OF JINMAO INVESTMENTS

Subject to the relevant laws and regulations, the Trustee-Manager is entitled to apply, or to be reimbursed from, the Trust Property (at such times and over such periods as the Trustee-Manager may determine in any particular case) for all liabilities (save in the case of fraud, wilful default or negligence), fees, costs, charges and expenses that may be properly and reasonably suffered or incurred by the Trustee-Manager in the performance of its obligations or the exercise of its powers under the Trust Deed, or otherwise arising out of or in connection with the Trust Deed, including, but not limited to, the amounts specified in schedule 2 to the Trust Deed, which include applicable taxes and other costs payable in respect of the acquisition, holding and realisation of any Trust Property and expenses in connection with the management and trusteeship of Jinmao Investments authorised by the Trust Deed.

DISPOSAL OF ORDINARY SHARES HELD BY THE TRUSTEE-MANAGER PROHIBITED

Subject to the Exchange Right and the termination provisions in the Trust Deed, the Trustee-Manager shall not be permitted to accept any offer to sell the Ordinary Shares which are held by the Trustee-Manager upon and subject to the terms and conditions of the Trust Deed, or otherwise dispose of those Ordinary Shares.

Any offer made under the Takeovers Code in respect of the securities of Jinmao Investments and/or the Company must be made, and may only be accepted, in respect of the Share Stapled Units and (if applicable) any Convertible Instruments (and shall not be made, or accepted, only in respect of the Ordinary Shares).

CIRCUMSTANCES UNDER WHICH THE TRUSTEE-MANAGER MAY BE INDEMNIFIED OUT OF THE TRUST PROPERTY

In general, subject to any express provision under the Trust Deed and without prejudice to any right of indemnity at law given to the Trustee-Manager (or to any director, employee, servant, agent or delegate of the Trustee-Manager), the Trustee-Manager and any director, employee, servant, agent and delegate of the Trustee-Manager shall be indemnified out of, and shall be entitled for the purpose of indemnity to have recourse to, the Trust Property or any part thereof against any actions, costs, claims, damages, expenses, penalties or demands to which it or he/she may be put as trustee-manager of Jinmao Investments and as director, employee, servant, agent or delegate of the Trustee-Manager, save where such action, cost, claim, damage, expense, penalty or demand is occasioned by the fraud, wilful default or negligence by the Trustee-Manager or any director, employee, servant, agent or delegate of the Trustee-Manager.

CIRCUMSTANCES UNDER WHICH THE TRUSTEE-MANAGER MAY EXCLUDE LIABILITY IN RELATION TO CARRYING OUT OF ITS DUTIES WITH RESPECT TO JINMAO INVESTMENTS

In the absence of fraud, wilful default, negligence or breach of the Trust Deed by the Trustee-Manager (including its directors, employees, servants, agents and delegates), the Trustee-Manager (including its directors, employees, servants, agents and delegates), shall not be in any way responsible to Jinmao Investments, the Unitholders, the Holders of Share Stapled Units or any other person for any loss, costs, damage or inconvenience that may result from the exercise or non-exercise of its powers.

Save to the extent where the resulting loss or damage arises out of or is caused by or is attributable to the fraud, wilful default, negligence or breach of the Trust Deed, the Trustee-Manager (including its directors, employees, servants, agents and delegates) shall have no liability for any act or omission of the Registrar (including its directors, employees, servants, agents and delegates), provided that any such liability of the Trustee-Manager shall not exculpate the Registrar or any of its directors, employees, servants, agents or delegates from their own liabilities to Jinmao Investments for any act or omission.

In the absence of fraud, wilful default or negligence by the Trustee-Manager (including its directors, employees, servants, agents and delegates), any liability incurred and any indemnity to be given by the Trustee-Manager shall be limited to the Trust Property over which the Trustee-Manager has recourse.

In the absence of fraud, wilful default or negligence by the Trustee-Manager (including its directors, employees, servants, agents and delegates), the Trustee-Manager shall not incur any liability by reason of any error of judgment or any matter or thing done or suffered or omitted to be done by it in good faith under the Trust Deed.

Subject to the provisions of the Trust Deed, the Trustee-Manager shall not incur any liability in respect of or be responsible for losses incurred through the insolvency of or any act or omission of any depository or clearing system with which Trust Property may be deposited or of the Hong Kong licensed banks with which the distribution account, the custody account and the subscriptions account are opened pursuant to the Trust Deed, or any broker, financial institution or other person with whom Trust Property is deposited, except where such broker, financial institution or other person is an associated company of the Trustee-Manager.

APPOINTMENT, REMOVAL OR RESIGNATION OF THE TRUSTEE-MANAGER

(a) Procedures for Appointment and Removal of the Trustee-Manager

The Trust Deed provides that appointment and removal of the Trustee-Manager shall only be in accordance with the Trust Deed and applicable laws and regulations. Under the Listing Rules, the Stock Exchange would normally expect the Trustee-Manager to be a company which has not carried on any business other than the management and operation of Jinmao Investments as its trustee-manager.

The Registered Holders of Units may remove the Trustee-Manager only by an Ordinary Resolution of Registered Holders of Units. A replacement trustee-manager may be appointed by an Ordinary Resolution of Registered Holders of Units.

The Registered Holders of Units may requisition a meeting to vote on a resolution to remove the Trustee-Manager if the Registered Holders of Units requisitioning the meeting hold at the date of the requisition not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote. Within 7 days of receiving a requisition, the incumbent original trustee-manager shall give to the Registered Holders of Units notice of the requisition (the "**Requisition Notice**") and, in that notice, inform the Registered Holders of Units of their right to nominate a replacement trustee-manager in accordance with the Trust Deed.

Registered Holders of Units may nominate a company which has consented in writing to serve as the replacement trustee-manager for appointment by the Registered Holders of Units by an Ordinary Resolution of Registered Holders of Units to be proposed at a meeting of Registered Holders of Units to be convened pursuant to the Trust Deed, if those Registered Holders of Units hold, at the date of nomination, not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote, and the nomination by those Registered Holders of Units is served on the incumbent trustee-manager not more than 21 days after the date of the Requisition Notice.

Upon the expiry of 21 days of the date of the Requisition Notice, the incumbent trustee-manager shall call a general meeting of Registered Holders of Units within 28 days and give to Registered Holders of Units notice of the meeting and any resolution(s) to be proposed at that meeting not less than 14 days before the meeting. The resolutions to be proposed shall include resolution(s) for the appointment as the replacement trustee-manager of Jinmao Investments of one of the eligible candidates for appointment nominated for appointment by the Registered Holders of Units under the Trust Deed. All of the eligible candidates so nominated shall be included in the list of candidates to be specified in the resolution(s) to be proposed at the meeting of Registered Holders of Units.

If, within 21 days of receipt of a Requisition Notice, the incumbent trustee-manager has not received a nomination of a company to serve as trustee-manager, Registered Holders of Units representing not less than 5% of the total voting rights of all Registered Holders of Units may apply to the court to make an order under Section 42 of the Trustee Ordinance appointing a company to act as trustee-manager with effect from the date fixed for the meeting to be convened in accordance with the Trust Deed, provided that the resolution to remove the original trustee-manager is passed as an Ordinary Resolution of Registered Holders of Units at such meeting.

Any resolution to remove the incumbent trustee-manager shall not take effect until a replacement trustee-manager is appointed and a replacement trustee-manager shall only be appointed by an Ordinary Resolution of the Registered Holders of Units. The removal of the Trustee-Manager shall only be effective upon the incumbent Trustee-Manager which is being removed having taken all necessary steps to transfer legal title to all Trust Property to the replacement trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Trustee-Manager which is being removed will only cease, and the responsibilities and obligations of the replacement trustee-manager will only commence, on all those necessary steps having been completed.

(b) Procedures for Resignation of Trustee-Manager

The Trustee-Manager (the "**Resigning Trustee-Manager**") may resign by giving notice (the "**Resignation Notice**") of its intention to all Registered Holders of Units and shall nominate another company, which has consented in writing to serve as the replacement trustee-manager. The resignation of the Trustee-Manager shall only be effective upon the appointment of another corporation as the trustee-manager of Jinmao Investments and subject to such corporation entering into a supplemental trust deed providing for such appointment. The resignation of the Resigning Trustee-Manager shall only be effective upon the Resigning Trustee-Manager having taken all necessary steps to transfer legal title to all Trust Property to the replacement Trustee-Manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Resigning Trustee-Manager will only cease, and the responsibilities and obligations of the replacement trustee-manager will only commence, on all those necessary steps having been completed.

The Resigning Trustee-Manager shall also inform the Registered Holders of Units of their right to nominate a company as the replacement trustee-manager in accordance with the Trust Deed. The Registered Holders of Units may nominate a company which has consented in writing to serve as the replacement trustee-manager for approval to be appointed by the Registered Holders of Units, by an Ordinary Resolution of Registered Holders of Units to be proposed at a meeting of Registered Holders of Units to be convened as described below, if those Registered Holders of Units hold, at the date of nomination not less than 5% of the total voting rights of all Registered Holders of Units having on that date a right to vote, and the nomination by those Registered Holders of Units is served on the Resigning Trustee-Manager not more than 21 days after the date of the Resignation Notice.

Upon the expiry of 21 days of the date of the Resignation Notice, the Resigning Trustee-Manager shall call a general meeting within 28 days and give to Registered Holders of Units notice of the meeting and any resolutions to be proposed at that meeting not less than 14 days before the meeting. The resolutions to be proposed shall include resolutions for the appointment as the replacement trustee-manager of Jinmao Investments of one of the candidates nominated for appointment by the Registered Holders of Units as stated above. All of the eligible candidates so nominated shall be included in the list of candidates to be specified in the resolution(s) to be proposed at the meeting of Registered Holders of Units.

If, within 21 days of the date of the Resignation Notice, no nomination of a company to serve as the replacement Trustee-Manager has been made, Registered Holders of Units representing not less than 5% of the total voting rights of all Registered Holders of Units may apply to the court to make an order under Section 42 of the Trustee Ordinance appointing a company to act as Trustee-Manager with effect from the date fixed for the meeting to be convened in accordance with the Trust Deed. Except in the case of a trustee-manager appointed by the court, a replacement trustee-manager shall only be appointed with the approval of the Registered Holders of Units by an Ordinary Resolution of Registered Holders of Units.

The Resignation Notice shall (a) state the reasons for resignation, (b) nominate a company to replace the Resigning Trustee-Manager as trustee-manager of Jinmao Investments and (c) inform the Registered Holders of Units of their right to nominate a new Trustee-Manager of their choice.

Any costs and expenses incurred in connection with the appointment, removal or resignation of the Trustee-Manager under the Trust Deed may be paid out of the Trust Property. For the avoidance of doubt, such costs and expenses may include the costs and expenses of organising a general meeting of Registered Holders of Units or applying for a court order in connection with the appointment, removal or resignation of the Trustee-Manager, but shall not include (a) the costs and expenses incurred in connection with the winding up of the Trustee-Manager and (b) any remuneration or compensation payable upon the termination of the service contract of any officer of the Trustee-Manager.

OWNERSHIP OF THE TRUSTEE-MANAGER

The Trust Deed and the articles of association of the Trustee-Manager provide that for as long as the Trustee-Manager acts as the trustee-manager of Jinmao Investments, it must remain a wholly-owned subsidiary of Franshion.

INSOLVENCY OF THE TRUSTEE-MANAGER

If the Trustee-Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by an Ordinary Resolution of Registered Holders of Units) or if a receiver is appointed over any of its assets or if a judicial manager is appointed in respect of the Trustee-Manager (or any such analogous process occurs or any analogous person is appointed in respect of the Trustee-Manager) or if the Trustee-Manager ceases to carry on business, the Trustee-Manager must immediately give a Resignation Notice and the above provisions shall apply.

If the Trustee-Manager fails to give a Resignation Notice within 5 business days of the relevant event referred to above having occurred, any Registered Holder of Units may make an application to the court to make an order pursuant to Section 42 of the Trustee Ordinance to appoint a temporary trustee-manager who will act as trustee-manager until a trustee-manager is appointed by an Ordinary Resolution of Registered Holders of Units.

EFFECTS OF CHANGE OF THE TRUSTEE-MANAGER

The removal or resignation of the Trustee-Manager shall only be effective upon the incumbent trustee-manager which is being removed or the Resigning Trustee-Manager (as the case may be) having taken all necessary steps to transfer legal title to all Trust Property to the incoming trustee-manager, including, but not limited to, the Ordinary Shares. The responsibilities and obligations of the Trustee-Manager which is being removed or is resigning will only cease, and the responsibilities and obligations of the incoming trustee-manager will only commence, on all those necessary steps having been completed.

On removal or resignation or retirement, the removed or resigning or retiring trustee-manager shall vest the Trust Property in the new trustee-manager, and give the new trustee-manager all books, documents, records and any other property held by or on behalf of the removed or resigning or retiring trustee-manager relating to Jinmao Investments. All costs and expenses reasonably incurred in vesting the Trust Property in any new Trustee-Manager shall be borne out of the Trust Property by Jinmao Investments.

On effective removal or retirement pursuant to the Trust Deed, the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) shall be discharged and shall no longer be liable in any matter under the Trust Deed except as to acts or occasions occurring prior to such removal, resignation or retirement and except as provided below, and the new trustee-manager shall thereupon undertake and perform all duties and be entitled to all rights and compensations as the Trustee-Manager under the Trust Deed or any other supplemental trust deed. The successor trustee-manager shall not be under any liability hereunder for any default by the predecessor and shall be indemnified out of the Trust Property against all such liability.

The Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) shall assign or novate to the new trustee-manager on terms reasonably acceptable to the successor trustee-manager (and obtain the written consent of the counterparties thereto) all agreements of which it, as trustee and/or manager, is a party concerning Jinmao Investments.

Upon the removal, resignation or retirement of the Trustee-Manager:

(a) all obligations entered into and liabilities incurred by the Trustee-Manager in its capacity as trustee and/or manager or otherwise for the account of Jinmao Investments shall survive the removal, resignation or retirement of the Trustee-Manager as obligations and liabilities enforceable against the successor trustee-manager and/or the Trust Property, as the case may be;

(b) any claims (actual or contingent) which any person may have against the Trust Property howsoever arising shall not in any way be prejudiced or otherwise affected by the removal, resignation or retirement of the Trustee-Manager; and

(c) the successor trustee-manager shall be under the same obligations with respect to the performance and discharge of any obligations entered into or liabilities incurred by the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) in its capacity as trustee and/or manager or otherwise for the account of Jinmao Investments as the Resigning Trustee-Manager (or the Trustee-Manager being removed or retiring) was or would have been but for its resignation, removal or retirement.

Any Trust Property and other rights and obligations entered into by the Trustee-Manager in its capacity as trustee and/or manager of Jinmao Investments not otherwise transferred to and assumed by a newly appointed Trustee-Manager shall vest in the new trustee-manager as if Section 41 of the Trustee Ordinance applied to such Trust Property and other rights and obligations.

The following rights and obligations shall remain with the Trustee-Manager which has been removed or is retiring, or the Resigning Trustee-Manager, as the case may be:

(a) any right to be indemnified for expenses it had incurred before it ceased to be the Trustee-Manager; and

(b) any liability in respect of which it would have no claim of indemnification out of the Trust Property if it had remained the Trustee-Manager.

The Trustee-Manager which is being removed or is retiring, or the Resigning Trustee-Manager, as the case may be, shall provide reasonable assistance to an incoming trustee-manager to enable it to assume its role as trustee-manager of Jinmao Investments. The provision on indemnity given to the Trustee-Manager shall continue to be in full force and effect as regards to the Trustee-Manager notwithstanding the retirement, resignation or removal of the Trustee-Manager.

TERMINATION OF JINMAO INVESTMENTS

Jinmao Investments may, without prejudice to the provisions of relevant laws and regulations, be terminated by the Trustee-Manager:

(a) in the event that any law is passed which renders it illegal or, in the reasonable opinion of the Trustee-Manager, impracticable or inadvisable to continue Jinmao Investments and approval for the winding up has been given by way of an Ordinary Resolution of Registered Holders of Units duly passed in accordance with the Trust Deed; or

(b) at any time if approval for the termination has been given by way of an Extraordinary Resolution of Registered Holders of Units duly passed in accordance with the Trust Deed.

Jinmao Investments shall terminate upon completion of the exercise of the Exchange Right by Registered Holders of Share Stapled Units in accordance with the Trust Deed.

In addition, in the event that the Trustee-Manager is removed under the Trust Deed and no new trustee-manager is willing to take the place of the existing Trustee-Manager within 60 days of the removal of the Trustee-Manager (or such longer period as the Trustee-Manager considers appropriate), any Registered Holder of Units may apply to the court to make an order under the Trustee Ordinance or under the court's inherent jurisdiction to either appoint a company to act as trustee-manager or terminate Jinmao Investments.

The Trustee-Manager shall have no liabilities for any consequence arising out of any termination of Jinmao Investments which has been approved by an Ordinary Resolution of Registered Holders of Units under paragraph (a) above or an Extraordinary Resolution of Registered Holders of Units under paragraph (b) above or which results from completion of the exercise of the Exchange Right, in each case in the absence of fraud, wilful default or negligence.

In the event that Jinmao Investments is to be terminated, the Trustee-Manager shall, subject to authorisations or directions (if any) given to it by an Ordinary Resolution of Registered Holders of Units referred to above or an Extraordinary Resolution of Registered Holders of Units referred to above (as the case may be), proceed as follows:

(a) the Trustee-Manager shall distribute the Ordinary Shares to the Registered Holders of Units *in specie* and distribute the remaining Trust Property (if any) to the Registered Holders of Units in proportion to the number of fully paid up Units held by each of them, provided that, the Trustee-Manager shall be entitled to retain out of any monies in its hands as part of the Trust Property full provision for all fees, costs, charges, expenses, claims and demands incurred, made or apprehended by the Trustee-Manager in connection with or arising out of the termination of Jinmao Investments and the distribution and/or realisation of the Trust Property and out of the monies so retained to be indemnified and saved harmless against any such costs, charges, expenses, claims and demands; and

(b) the Trustee-Manager shall effect the distribution referred to above in such manner and within such period after the termination of Jinmao Investments as the Trustee-Manager in its absolute discretion deems advisable and shall ensure the proper discharge of any obligations and liabilities of Jinmao Investments and adequate provisions for such obligations and liabilities, provided that such period may not exceed six months.

In the event that Jinmao Investments is to be terminated:

(a) the Company shall redeem all the issued Preference Shares in accordance with the Company's Articles (the redemption price payable by the Company on the redemption of the Preference Shares as a result of the termination of Jinmao Investments is an amount per Preference Share equal to the par value of the Preference Share); and

(b) following completion of the distribution to be made to the Registered Holders of Units referred to in paragraph (a) of the last paragraph of the preceding page, the Units shall be cancelled.

Upon the completion of the liquidation of Jinmao Investments, the following shall be prepared:

(a) the Trustee-Manager's review and comment on the performance of Jinmao Investments and an explanation as to how the Trust Property had been disposed of;

(b) financial statements of Jinmao Investments which shall be distributed to Registered Holders of Units within three months of completion of the liquidation of the assets of Jinmao Investments; and

(c) an auditor's report in relation to those financial statements.

Upon completion of the liquidation of Jinmao Investments, the Trust Deed shall terminate and Jinmao Investments will cease to exist.

The Trust Deed shall also terminate, and Jinmao Investments will cease to exist, upon completion of the exercise of the Exchange Right under the Trust Deed.

MODIFICATION OF THE TRUST DEED

The Trustee-Manager and the Company shall jointly, by mutual agreement between them and, subject to the relevant laws and regulations, be entitled by a supplemental deed to modify, amend, alter or add to the provisions of the Trust Deed if and to the extent that such modification, amendment, alteration or addition:

(a) either does not prejudice the interests of the Unitholders or any prejudice is immaterial; and does not operate to release to any material extent the Trustee-Manager from any responsibility to the Unitholders; and does not increase the costs or charges payable from the Trust Property (other than charges, fees and expenses incurred in connection with the supplemental deed); or

(b) is necessary in order to comply with applicable fiscal, statutory or official requirements (whether or not having the force of law), including without limitation, requirements under the relevant laws and regulations; or

(c) is made to correct a manifest error; or

(d) is made to reflect any changes made to the relevant laws and regulations after the Listing Date and the relevant modification, amendment, alteration or addition is consistent with the changes made to the relevant laws and regulations and is approved by an Extraordinary Resolution of Registered Holders of Units. This provision would permit the Trustee-Manager and the Company, acting jointly by mutual agreement between them and subject to prior approval by an Extraordinary Resolution of Registered Holders of Units, to modify, amend, alter or add to the provisions of the Trust Deed to change the arrangements set out in the Trust Deed to make them consistent with a structure which complies with any future relevant laws and regulations which are introduced in Hong Kong to specifically govern the listing, operation and management of listed trusts which hold an operating business (including holding such a business by holding shares in one or more companies conducting an operating business) as the sole or principal asset of the trust (the "**New Specific Regulations**"). If such New Specific Regulations are introduced in the future, the Trustee-Manager and the Company would have the authority, subject to prior approval by an Extraordinary Resolution of Registered Holders of Units, to change the arrangements set out in the Trust Deed to a structure which is authorised under, and fully compliant with, the New Specific Regulations and to dispense with those aspects of the arrangements set out in the Trust Deed which are not required under such New Specific Regulations, provided that the New Specific Regulations are fully complied with in respect of any changed structure and any modifications, amendments, alterations or additions to the provisions of the Trust Deed.

The Trustee-Manager shall certify in writing that, in its opinion, the relevant modification, amendment, alteration or addition falls within one or more of the descriptions above.

The Trust Deed provides that, subject to the foregoing, no modification, amendment, alteration or addition of or to any of the following provisions of the Trust Deed shall be made:

(a) **Clause 2 *(Constitution of the Trust)***, which deals with, among other things, the declaration of trust in respect of the Trust Property; the establishment of Jinmao Investments as a fixed investment trust with activities limited to engaging in the Authorised Business; appointment of the Trustee-Manager; application of the Trustee Ordinance; and certain duties of the Trustee-Manager;

(b) **Clause 3 *(Units Linked to Underlying Ordinary Shares and Stapled to Preference Shares)***, which deals with the matters described in *"The Share Stapled Units and Holders of Share Stapled Units"* above;

(c) **Clause 4 *(Co-operation and Consultation)***, which deals with, among other things, the requirement for the Trustee-Manager and the Company to co-operate in order to give effect to the provisions of the Trust Deed, including the Linking and Stapling provisions, and the provisions relating to the coordination of meetings of Registered Holders of Units and Shareholders;

(d) **Clause 5.11 *(Repurchase or Redemption of Share Stapled Units)***, which deals with the matters summarised in *"The Share Stapled Units May Not Be Repurchased or Redeemed"* above;

(e) **Clause 7 *(Compliance with the Listing Rules and Other Relevant Laws and Regulations)***, which provides, among other things, that the Trustee-Manager and the Company must co-operate to ensure compliance by Jinmao Investments and the Company with the Listing Rules respectively applicable to them;

(f) ***Clause 9 (Share Stapled Units Register and Transfers of Share Stapled Units)***, which deals with, among other things, the obligations of the Trustee-Manager and the Company to maintain the Share Stapled Units Register and provisions in respect of transfers of Share Stapled Units described in *"Transfers"* above;

(g) **Clause 10 *(Units Register and Transfers of Units)***, which deals with, among other things, the obligation of the Trustee-Manager to maintain the Units Register and provisions in respect of transfers of Units;

(h) **Clause 11 *(Register of Members, Transfers of Beneficial Interests in Ordinary Shares and Register of Beneficial Interests)*,** which deals with, among other things, the maintenance of the Register of Members and the Register of Beneficial Interests and provisions in respect of transfers of beneficial interests in Ordinary Shares;

(i) **Clause 12 *(Exchange)***, which deals with the Exchange Right summarised in *"Exchange Right"* above;

(j) **Clause 13 *(Object and Purpose of the Trust)***, which deals with, among other things, the scheme of investment of Jinmao Investments and restrictions on the Trustee-Manager's scope of business;

(k) **Clause 14.1(b)** ***(Cash Distributions)*****,** which provides that the Trustee-Manager shall ensure that all amounts distributed or paid to the Trustee-Manager by the Company in respect of the Ordinary Shares are distributed to the Registered Holders of Units, subject to the deduction of any and all amounts permitted to be deducted or paid from the Trust Property under the Trust Deed but excluding (for the avoidance of doubt) all other provisions of Clause 14 of the Trust Deed;

(l) **Clauses 18.1 to 18.5** ***(Custody of Trust Property and Segregated Accounts)***, which deals with the safe custody of the Trust Property and the segregated accounts described in *"Segregated Accounts"* above, but excluding (for the avoidance of doubt) all the other provisions of Clause 18 of the Trust Deed;

(m) **Clause 20.1** ***(Announcements, Circulars and Other Documents)***, providing that Registered Holders of Share Stapled Units will receive all circulars and other documents in respect of both Jinmao Investments and the Company, but excluding (for the avoidance of doubt) all the other provisions of Clause 20 of the Trust Deed;

(n) **Clause 23** ***(Appointment, Removal or Resignation of Trustee-Manager)***, which deals with, among other things, the provisions summarised in *"Appointment, Removal or Resignation of the Trustee-Manager"*, *"Insolvency of the Trustee-Manager"* and *"Effects of Change of the Trustee-Manager"* above;

(o) **Clause 26** ***(Modification of Trust Deed)***, which deals with the circumstances in which the Trust Deed can be modified and the requirements for making, and restrictions in respect of, such modifications, as described in *"Modification of the Trust Deed"* above;

(p) **Clause 29** ***(Directors of the Trustee-Manager)***, which deals with, among other things, the requirement that the boards of directors of the Trustee-Manager and the Company be the same, the duties of the Trustee-Manager Directors and the prohibition of loans by the Trustee-Manager to its directors;

(q) **Clause 32** ***(No Acceptance of an Offer for the Ordinary Shares or Other Disposal of Ordinary Shares)***, providing that the Trustee-Manager shall not be permitted to accept any offer to sell the Ordinary Shares held by the Trustee-Manager or to otherwise dispose of those Ordinary Shares; and

(r) **Clause 36** ***(Governing Law)***, which provides that the Trust Deed shall be governed by, and construed in accordance with, the laws of Hong Kong.

In addition, the Trust Deed provides that there can be no modification, amendment or alteration to Clause 23.1(i) of the Trust Deed which provides that for as long as the Trustee-Manager acts as the trustee-manager of Jinmao Investments, it must remain a wholly-owned subsidiary of Franshion. Subject to the above, any other modification, amendment, alteration or addition to the provisions of the Trust Deed may only be made with the sanction of an Extraordinary Resolution of Registered Holders of Units.

No modification, amendment, alteration or addition to the provisions of the Trust Deed shall impose upon:

(a) any Unitholder any obligation to make further payments in respect of the Units included in his holding of Share Stapled Units (where the issue price of such Units has already been fully paid) or to accept any liability in respect thereof; or

(b) any holder of Preference Shares or Ordinary Shares any obligation to make further payments in respect of the Shares included in his holding of Share Stapled Units (where the issue price of such Shares has already been fully paid).

The Trustee-Manager shall as soon as practicable after any modification, amendment, alteration or addition to the provisions of the Trust Deed give notice of the relevant modification, amendment, alteration or addition to the Registered Holders of Units, unless the relevant modification, amendment, alteration or addition is not, in the opinion of the Trustee-Manager, of material significance. All fees, costs and expenses incurred by the Trustee-Manager in connection with any such document supplemental to the Trust Deed (including expenses incurred in the holding of a meeting of Registered Holders of Units, if necessary) shall be charged against the Trust Property.

The Trust Deed also requires that the Linked and Stapled structure be disclosed in the listing documents and annual reports to be issued by Jinmao Investments and the Company and that any proposed changes to the structure be disclosed by way of announcement published in accordance with the Listing Rules.

A. SUMMARY OF THE CONSTITUTION OF THE COMPANY

Set out below is a summary of certain provisions of the Memorandum of Association of the Company and the Company's Articles and of certain aspects of Cayman company law.

The Company was incorporated under the laws of the BVI with limited liability on 18 January 2008 and was registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law. The Memorandum of Association and the Company's Articles comprise its constitution.

1. Memorandum of Association

(a) The Memorandum of Association states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, unpaid on the Shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in Section 27(2) of the Cayman Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum of Association with respect to any objects, powers or other matters specified therein.

2. Articles of Association

The Company's Articles were adopted on 13 June 2014. The following is a summary of certain provisions of the Company's Articles:

2.1 Classes of Shares

The share capital of the Company consists of Ordinary Shares and Preference Shares. The authorised share capital of the Company as at the date of adoption of the Company's Memorandum of Association and the Company's Articles is HK$5,000,000 divided into 5,000,000,000 Ordinary Shares of HK$0.0005 each and 5,000,000,000 Preference Shares of HK$0.0005 each.

2.2 Directors

(a) Power to Allot and Issue Shares

The Company's Articles contain provisions that require that, subject to the Exchange Right, at all times while the Trust Deed remains in force, the number of Units, Ordinary Shares and Preference Shares in issue must at all times be equal to each other. Subject to the Exchange Right, at all times while the Trust Deed remains in force:

(a) all of the issued Ordinary Shares must be registered in the Principal Register of Members in the name of the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments);

(b) each Ordinary Share issued or to be issued by the Company must be matched by and Linked to a Unit issued or to be issued by the Trustee-Manager (in its capacity as trustee-manager of Jinmao Investments) under the Trust Deed; and

(c) the Company must not issue or sell any Ordinary Shares unless the Ordinary Shares are specifically identified and issued to the Trustee-Manager in its capacity as trustee-manager of Jinmao Investments and an identical number of Units in respect of the relevant specifically identified Ordinary Shares are or will be issued by the Trustee-Manager and Linked to the specifically identified Ordinary Shares, in accordance with the provisions of the Trust Deed.

Each Unit in Jinmao Investments confers on the registered holder of the relevant Unit a beneficial interest, on and subject to the terms and conditions of the Trust Deed, in a specifically identified Ordinary Share registered in the Register of Members in the name of the Trustee-Manager in its capacity as trustee-manager of Jinmao Investments.

While the Trust Deed remains in force, subject to the Exchange Right:

(a) each Unit issued or to be issued by the Trustee-Manager must be Stapled to a specifically identified Preference Share issued or to be issued by the Company; and

(b) the Company must not issue or sell any Preference Shares to any person unless an identical number of Units in Jinmao Investments is or will be issued by the Trustee-Manager under the Trust Deed and the Preference Shares are issued or transferred to the same persons to whom the Units are issued or sold (and registered in the Principal Register of Members or the Hong Kong Register of Members in the names of the same persons in which the Units are registered in the Units Register), in the ratio of one specifically identified Preference Share for each Unit and on the basis that each specifically identified Preference Share is Stapled to a Unit in accordance with the provisions of the Trust Deed, so that one may not be dealt with without the other. The Preference Shares may be issued by the Company, at the request of the Trustee-Manager, directly to the subscribers for, or purchasers of, Share Stapled Units issued or to be issued under the Trust Deed. Alternatively, the Preference Shares may be issued by the Company to the Trustee-Manager upon terms that the Trustee-Manager must Staple each Preference Share to a Unit and transfer the Preference Shares to the subscribers for, or purchasers of, Share Stapled Units together with (and Stapled to) the Units (Preference Shares issued by the Company to the Trustee-Manager under this provision are only issued for the purpose of transferring to the subscribers or purchasers of the Share Stapled Units and for Stapling the Preference Shares to Units, and not for the Trustee-Manager to hold as part of the Trust Property).

While the Trust Deed remains in force, but subject to the Exchange Right, the Company must ensure that each Ordinary Share is specifically identified and remains Linked to a Unit, and that each Preference Share is specifically identified and remains Stapled to a Unit, in accordance with the provisions of the Trust Deed.

The Company's Articles contain detailed provisions:

(a) prohibiting the Company from taking any action which would result in the Ordinary Shares ceasing to be Linked to the Units or in the Preference Shares ceasing to be Stapled to the Units, or from refraining from doing any act required to maintain those relationships; and

(b) requiring that Shares may only be offered for subscription and issued by the Company, and may only be transferred by their holders, as part of Share Stapled Units, and not in the forms of the individual components of Ordinary Shares and Preference Shares.

Subject to the foregoing provisions of the Company's Articles, the provisions of the Cayman Companies Law and the Memorandum of Association of the Company, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Company Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration, and upon such terms, as the Company Board shall determine.

Subject to the foregoing provisions of the Company's Articles, the applicable provisions of the Trust Deed and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Company Board may determine. Subject to the Cayman Companies Law and to any special rights conferred on any Shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution (as defined in paragraph 2.6 below), be issued on terms that it is, or at the option of the Company or the holder thereof is, liable to be redeemed. No shares shall be issued to bearer.

(b) Power to Dispose of the Assets of the Company or Any Subsidiary

The management of the business of the Company shall be vested in the Company Board which, in addition to the powers and authorities by the Company's Articles expressly conferred upon it and subject as provided below, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Company's Articles or the Cayman Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Cayman Companies Law and of the Company's Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Company's Articles, provided that no regulation so made shall invalidate any prior act of the Company Board which would have been valid if such regulation had not been made.

The Company Board shall not fail to declare or distribute (i) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (ii) not less than 90% of the Group Distributable Income in respect of each financial year thereafter, in accordance with the Company's Articles, without the prior approval of Shareholders by way of an ordinary resolution of the Company in general meeting.

(c) Compensation or Payment for Loss of Office

Payment to any Company Director or past Company Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Company Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Company's Articles prohibiting the making of loans to Company Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Disclosure of Interest in Contracts with the Company or Any of its Subsidiaries

No Company Director or proposed Company Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Company Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Company Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Company Director holding that office or the fiduciary relationship thereby established, provided that such Company Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the Company Board at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may subsequently be made by the Company.

A Company Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Company Board in respect of any contract or arrangement or any other proposal whatsoever in which the Company Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving of any security or indemnity to such Company Director or any of his associates in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Company Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Company Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Company Director or any of his associates may benefit; or the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Company Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Company Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Company Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his interest in shares or debentures or other securities of the Company.

(f) Remuneration

The Company Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Company in general meeting or by the Company Board, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Company Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Company Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Company Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Company Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Company Directors including their expenses of travelling to and from Company Board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Company Directors.

The Company Board may grant special remuneration to any Company Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Company Director in addition to or in substitution for his ordinary remuneration as a Company Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

Notwithstanding the above provisions, the remuneration of a president, vice-president, managing director, joint managing director, deputy managing director or other executive Company Director or a Company Director appointed to any other office in the management of the Company shall from time to time be fixed by the Company Board and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Company Board may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Company Director.

(g) Retirement, Appointment and Removal

The number of Company Directors shall not be less than two. While the Trust Deed remains in force (a) the Company Board shall at all times comprise the same individuals who serve as Trustee-Manager Directors; and (b) no person shall serve as a Company Director unless he also serves as a Trustee-Manager Director at the same time.

Subject to the foregoing provisions, the Company Board shall have power from time to time and at any time to appoint any person as a Company Director, either to fill a casual vacancy or as an addition to the Company Board. Any Company Director appointed to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting, subject to compliance with the provisions described above. Any Company Director appointed as an addition to the Company Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting, subject to compliance with the provisions described above.

The Company may by ordinary resolution (as defined in paragraph 2.6 below) at any time remove any Company Director (including a managing Company Director or other executive Company Director) before the expiration of his period of office notwithstanding anything in the Company's Articles or in any agreement between the Company and such Company Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Company Director or of any other appointment or office as a result of the termination of his appointment as Company Director). Subject to compliance with the Company's Articles, the Company may by ordinary resolution elect another person in his place. Any Company Director so elected shall hold office during such time only as the Company Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Company Director, either to fill a casual vacancy or as an addition to the existing Company Board. Any Company Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Company Board, be eligible for election to the office of Company Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Company Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Company Director separately and in such case each of the Company Directors concerned, if not prohibited from voting under the Company's Articles, shall be entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

There is no shareholding qualification for Company Directors nor is there any specified age limit for Company Directors.

The office of a Company Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Company Board resolves that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Company Board (unless an alternate Company Director appointed by him attends in his place) for a continuous period of 12 months, and the Company Board resolves that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Company Director by law or by virtue of any provision in the Company's Articles;

(vi) if he ceases to be a Trustee-Manager Director;

(vii) if he shall be removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Company Directors (including himself) then in office; or

(viii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Company's Articles.

At each annual general meeting of the Company, one-third of the Company Directors for the time being (including Company Directors appointed for a specific term, and Company Directors who may be required to retire at the same annual general meeting under other provisions of the Company's Articles), or if their number is not three or a multiple of three, then the number nearest to but no less than one-third, shall retire from office by rotation provided that every Company Director shall be subject to retirement by rotation at least once every three years. The Company Directors to retire by rotation shall include (so far as necessary to ascertain the number of Company Directors to retire by rotation) any Company Director who wishes to retire and not offer himself for re-election. Any further Company Directors so to retire shall be those of the other Company Directors who have been longest in office since their appointment or last election but as between persons who became Company Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The number of Company Directors to retire on each occasion shall be determined by reference to the composition of the Company Board at the date of the notice convening the relevant annual general meeting and no Company Director shall be required to retire by rotation pursuant to the Company's Articles or be relieved from retiring by reason of a change in the number of Company Directors after the date of such notice but before the close of the relevant annual general meeting. A retiring Company Director shall be eligible for re-election and shall continue to act as a Company Director throughout the meeting at which the Company Director retires.

(h) Borrowing Powers

The Company Board may from time to time at its discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof. The rights of the Company Board to exercise these powers may only be varied by a special resolution.

(i) Proceedings of the Company Board

The Company Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit in any part of the world and may determine the quorum necessary for the transaction of business. Unless otherwise determined, two Company Directors shall be a quorum. Questions arising at any meeting of the Company Board shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

A resolution in writing signed by all the Company Directors except such as are temporarily unable to act through ill-health or disability, and all the alternate Company Directors, if appropriate, whose appointors are temporarily unable to act as aforesaid shall (provided that such number is sufficient to constitute a quorum and further provided that a copy of such resolution has been given or the contents thereof communicated to all the Company Directors for the time being entitled to receive notices of Company Board meetings in the same manner as notices of meetings are required to be given by the Company's Articles) be as valid and effectual as if a resolution had been passed at a meeting of the Company Board duly convened and held. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Company Directors or alternate Company Directors and for this purpose a facsimile signature of a Company Director or an alternate Company Director shall be treated as valid. Notwithstanding the foregoing, a resolution in writing shall not be passed in lieu of a meeting of the Company Board for the purposes of considering any matter or business in which a substantial shareholder of the Company or a Company Director has a conflict of interest and the Company Board has determined that such conflict of interest to be material.

2.3 Alteration to Constitutional Documents

No alteration or amendment to the Memorandum of Association or the Company's Articles may be made except by special resolution provided that while the Trust Deed remains in force the provisions of the Memorandum of Association and the Company's Articles must be consistent with the provisions of the Trust Deed.

2.4 Variation of Rights of Existing Shares or Classes of Shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Cayman Companies Law, be varied or abrogated with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Company's Articles relating to general meetings shall mutatis mutandis apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be persons present in person (or by proxy or duly authorised representative) being registered holders of at least one-third of the issued shares of that class at the date of the relevant meeting.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of Capital

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

Subject to the applicable provisions of the Trust Deed, including but not limited to Clause 8.2 (*Sub-division and Consolidation of Units*) of the Trust Deed, the Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Company Board may, subject to complying with the provisions of the Trust Deed, settle any difficulty which may arise as it thinks expedient;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Cayman Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association of the Company, subject nevertheless to the provisions of the Cayman Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Cayman Companies Law and the applicable provisions of the Trust Deed.

2.6 Special Resolution and Ordinary Resolution — Respective Majorities Required

A "**special resolution**" is defined in the Company's Articles to mean a resolution proposed and passed as such by a majority consisting of 75% or more of the total number of votes of those members of the Company present and entitled to vote and voting in person or by proxy at a meeting of members held in accordance with the Company's Articles and includes a special resolution approved in writing (in one or more counterparts) signed by all members of the Company for the time being entitled to receive notice of and to attend and vote at general meetings of the Company. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an "**ordinary resolution**" is defined in the Company's Articles to mean a resolution proposed and passed as such by a simple majority of the total number of votes of those members of the Company present and entitled to vote and voting in person or by proxy, at a general meeting of the members held in accordance with the Company's Articles and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

The "**members**", as defined in the Company's Articles, are the persons who are duly registered as the holders from time to time of shares in the Register of Members including persons who are jointly so registered.

2.7 Voting Rights

Voting Rights Conferred By the Ordinary Shares and the Preference Shares

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting, shares in the Company shall carry votes as follows:

(i) **Ordinary Shares**: one vote per Ordinary Share for every registered holder of Ordinary Shares present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy; and

(ii) **Preference Shares**: one vote per Preference Share for every registered holder of Preference Shares present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

For as long as the Trust Deed remains in force, in relation to a Meeting of Registered Holders of Share Stapled Units, to the extent practicable a single resolution shall be proposed to approve the matter to be considered by the Registered Holders of Units and the members, which resolution shall be characterised as a resolution of the Registered Holders of Share Stapled Units and shall serve as both a resolution of Registered Holders of Units and a resolution of members.

For as long as the Trust Deed remains in force, in relation to meetings of Registered Holders of Units and members to be held separately but consecutively in accordance with the Company's Articles, to the extent practicable, the same or a substantially similar resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently) shall be proposed for consideration at each meeting.

To the extent permitted under the relevant laws and regulations, meetings of members and meetings of Registered Holders of Units shall be held on a combined basis as a single meeting characterised as a Meeting of Registered Holders of Share Stapled Units. If that is not possible, the meetings shall be held separately and consecutively, with the meeting of Registered Holders of Units being held immediately prior to the meeting of members. This is to enable Registered Holders of Units, by exercising the voting rights conferred by the Units held by them, to give directions to the Trustee-Manager as to how to vote the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to those Units, in respect of the resolution(s) to be proposed at the meeting of members.

Combined Meetings of Registered Holders of Units and Members under the Trust Deed Characterised as Meetings of Registered Holders of Share Stapled Units

For as long as the Trust Deed remains in force, in relation to both Meetings of Registered Holders of Share Stapled Units and meetings of Registered Holders of Units and members to be held separately but consecutively in accordance with the Company's Articles:

(a) in respect of each individual Share Stapled Unit, the voting rights conferred by a Unit and the specifically identified Preference Share which is Stapled to it, which are components of the relevant Share Stapled Unit, can only be exercised in the same way (either for or against) in respect of (as the case may be) (i) a single resolution of Registered Holders of Units and members proposed at a Meeting of Registered Holders of Share Stapled Units or (ii) a resolution of Registered Holders of Units and a resolution of members dealing with the same, or substantially the same, matter proposed at separate but consecutive meetings of Registered Holders of Units and members referred to in the Company's Articles; and

(b) a Registered Holder of a Share Stapled Unit shall cast a single vote in respect of that Share Stapled Unit, either for or against the relevant resolution(s), which shall serve as a vote in respect of both the Unit and the Preference Share constituting that Share Stapled Unit, either for or against (as the case may be) in respect of (as the case may be) (1) a single resolution of Registered Holders of Share Stapled Units proposed at a Meeting of Registered Holders of Share Stapled Units, or (2) a resolution of Registered Holders of Units and a resolution of members which deal with the same, or substantially the same, matter proposed at meetings of Registered Holders of Units and members held separately but consecutively in accordance with Company's Articles.

Voting of Ordinary Shares Held by the Trustee-Manager

The Trust Deed requires that, subject to the immediately following paragraph, the Trustee-Manager shall only exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a meeting of members:

(a) if a meeting of Registered Holders of Units is or has been convened and held to consider the same, or substantially the same, matter (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently) or to determine how the Trustee-Manager should exercise the voting rights conferred by the Ordinary Shares at the meeting of members; and

(b) in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the resolution of Registered Holders of Units referred to in the Company's Articles.

For as long as the Trust Deed remains in force, the Trustee-Manager is required by the Trust Deed to exercise the voting rights conferred by the Ordinary Shares held by it in respect of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units in the same way (either for or against the relevant resolution) as the votes conferred by the Units to which those Ordinary Shares are Linked are or have been exercised in respect of the same resolution. In respect of a resolution of members to be proposed at a Meeting of Registered Holders of Share Stapled Units, the Trustee-Manager shall not exercise the voting rights conferred by the Ordinary Shares held by it which are Linked to Units in respect of which no voting rights are or have been exercised at the relevant Meeting of Registered Holders of Share Stapled Units.

Exercise of Voting Rights

A Registered Holder of Share Stapled Units holding more than one Share Stapled Unit (and, therefore, holding more than one Preference Share and having the right to direct the Trustee-Manager how to vote in respect of more than one Ordinary Share) may vote some of the Share Stapled Units (and, therefore, vote the Preference Shares Stapled to those Share Stapled Units and direct the Trustee-Manager how to vote in respect of the Ordinary Shares Linked to those Share Stapled Units) registered in his name in favour of a resolution proposed at a Meeting of Registered Holders of Share Stapled Units and some of them against the relevant resolution provided that the provisions of the Company's Articles are complied with in respect of each individual Share Stapled Unit registered in his name. Similarly, a Registered Holder of Share Stapled Units holding more than one Share Stapled Unit may vote some of the Share Stapled Units registered in his name in favour of both resolutions dealing with the same, or substantially the same, matter proposed at separate meetings of Registered Holders of Units and members held consecutively under the Company's Articles and some of them against both resolutions, provided that the provisions of the Company's Articles are complied with in respect of each individual Share Stapled Unit registered in his name (and, therefore, the Preference Share Stapled to the relevant Share Stapled Unit and the Ordinary Share Linked to the relevant Share Stapled Unit).

Effect of Completing Composite Form of Proxy or Voting Paper

To the extent permitted by the relevant laws and regulations, in the case of a Meeting of Registered Holders of Share Stapled Units, the form of proxy to be provided to Registered Holders of Share Stapled Units, and the form of voting paper, will, in each case, be a single, composite, form. Unless otherwise expressly stated in the form of proxy or the form of voting paper provided for use in respect of the Meeting of Registered Holders of Share Stapled Units, the effect of completing a form of proxy or voting paper (as the case may be) indicating a vote either for or against a resolution characterised in the form of proxy or voting paper as a resolution of Registered Holders of Share Stapled Units to be proposed at a Meeting of Registered Holders of Share Stapled Units shall be that the vote given in respect of the Share Stapled Units in question shall constitute:

(a) a vote of the Units included in the Share Stapled Units, in respect of any required resolution of Registered Holders of Units;

(b) a vote of the Preference Shares Stapled to those Units in respect of any required resolution of members; and

(c) an instruction to the Trustee-Manager to vote the number of Ordinary Shares Linked to the relevant Units in the same way (either for or against) the relevant resolution in respect of any required resolution of members.

To the extent permitted by relevant laws and regulations, in the case of meetings of Registered Holders of Units and members held separately but consecutively under the Company's Articles to consider the same, or substantially the same, resolution (with any modifications which are necessary or desirable to reflect the manner in which the matter being considered affects Jinmao Investments or the Company differently), the form of proxy and the form of voting paper provided for use in respect of the meeting of Registered Holders of Units shall, unless expressly stated otherwise in the relevant form, have the effect that the vote given in respect of Units either for or against a resolution shall also constitute an instruction to the Trustee-Manager to vote the same number of Ordinary Shares which are Linked to the Units in the same way (either for or against) in respect of the resolution dealing with the same, or substantially the same, matter at the separate but consecutive meeting of members.

General

Subject to the provisions described above, a member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy is, subject to the applicable provisions of the Company's Articles, under no obligation to cast all his votes in the same way.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member (the "**Abstaining Member**") in contravention of such requirement or restriction shall not be counted. For the avoidance of doubt, where any Preference Share(s) held by an Abstaining Member is/are not entitled to vote under the Listing Rules, the Trustee-Manager shall abstain from exercising any voting right in respect of the relevant specifically identified Ordinary Share(s) held by the Trustee-Manager for and on behalf of such Abstaining Member.

Joint Registered Holders

Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the Register of Members in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall for the purposes of the Company's Articles be deemed joint holders thereof.

Votes of Members of Unsound Mind

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Qualification for Voting

Save as expressly provided in the Company's Articles or as otherwise determined by the Company Board, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting of members.

Voting By Poll

At any general meeting of members a resolution put to the vote of the meeting shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting, save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member of the Company present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member of the Company which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands. For purposes of the Company's Articles, procedural and administrative matters are those that (i) are not on the agenda of the general meeting or in any supplementary circular that may be issued by the Company to its members; and (ii) relate to the chairman's duties to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all members of the Company a reasonable opportunity to express their views.

Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded (i) by the chairman; (ii) by at least three members of the Company present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or (iii) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or (iv) by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Recognised Clearing House

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. The person so authorised will be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised. A person so authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation including, where a show of hands is allowed, the right to vote individually on a show of hands, notwithstanding any contrary provision contained in the Company's Articles.

2.8 Annual General Meetings

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months shall elapse (or such longer period as the Stock Exchange may authorise) between the date of one annual general meeting of the Company and that of the next.

2.9 Accounts and Audit

The Company Board shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Cayman Companies Law. The Company Board shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Cayman Companies Law or any other relevant law or regulation or as authorised by the Company Board or by the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

The Company Board shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Company Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Company's Articles to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The members of the Company may, at any general meeting convened and held in accordance with the Company's Articles, by ordinary resolution remove the auditor of the Company any time before the expiration of his term of office and shall by ordinary resolution at that meeting appoint another auditor in his stead for the remainder of his term. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Company Board.

For as long as the Trust Deed remains in force, the auditors of the Company and the auditors of Jinmao Investments and the Trustee-Manager shall, at all times, be the same person or firm.

2.10 Notice of Meetings and Business to be Conducted Thereat

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirements under the Listing Rules, the notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than such as, under the provisions of the Company's Articles or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed (a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

To the extent permitted under the relevant laws and regulations, meetings of members and meetings of Registered Holders of Units shall be held on a combined basis as a single meeting characterised as a Meeting of Registered Holders of Share Stapled Units. If that is not possible under the relevant laws and regulations, the meetings convened under Article 12.10 (as described above) shall be held separately and consecutively, with the meeting of Registered Holders of Units being held immediately prior to the meeting of members. The meeting of Registered Holders of Units is required to be held immediately prior to the meeting of members in order to enable the Registered Holders of Units, by exercising the voting rights conferred by the Units held by them, to give directions to the Trustee-Manager as to how to vote the specifically identified Ordinary Shares held by the Trustee-Manager which are Linked to those Units, in respect of the resolution(s) to be proposed at the meeting of members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business (a) the declaration and sanctioning of dividends; (b) the consideration and adoption of the accounts and balance sheets and the reports of the Company Directors and the auditors and other documents required to be annexed to the balance sheet; (c) the election of Company Directors in place of those retiring; (d) the appointment of auditors; and (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Company Directors and of the auditors.

2.11 Transfer of Shares

While the Trust Deed remains in force, (a) Preference Shares may only be transferred as components of Share Stapled Units in accordance with the provisions of Clause 9 (Share Stapled Units Register and Transfer of Share Stapled Units) of the Trust Deed and the Company's Articles; and (b) Ordinary Shares can only be held by the Trustee-Manager upon and subject to the terms and conditions of the Trust Deed and, subject to the Exchange Right, cannot be transferred by the Trustee-Manager.

While the Trust Deed remains in force and if and for so long as the Share Stapled Units are listed on the Stock Exchange, transfers of Share Stapled Units between CCASS Participants shall be effected electronically through CCASS making an appropriate entry in its records in respect of the Share Stapled Units that have been transferred, in accordance with the CCASS Requirements and the applicable provisions of the Company's Articles shall not apply to such transfers.

While the Trust Deed remains in force, in respect of Share Stapled Units which are not deposited with CCASS, every Registered Holder of Share Stapled Units shall be entitled to transfer any of the Share Stapled Units held by him (including the Preference Shares which are components of those Share Stapled Units) or, in the case of Joint Registered Holders of Share Stapled Units, by them, as follows:

(a) a transfer of Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units) shall be effected (i) by an instrument of transfer in writing in such form as the Company and the Trustee-Manager may from time to time approve accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units or (ii) in any other manner as the Company and the Trustee-Manager may from time to time approve; and

(b) every instrument of transfer referred to in (a) above relating to Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units) must be signed by the transferor and the transferee and the transferor shall be deemed to remain the holder of the Share Stapled Units transferred until the name of the transferee is entered in the Share Stapled Units Register in respect thereof. The instrument of transfer need not be a deed. The Company and the Trustee-Manager may also agree, upon request by the transferor or the transferee, to accept mechanically executed transfers. Instruments of transfer executed by machine imprinted signatures of a clearing house shall be acceptable.

While the Trust Deed remains in force, every instrument of transfer relating to Share Stapled Units must be duly stamped (if required by law) and left with the Registrar (or where there is no Registrar, with the Trustee-Manager) for registration accompanied by the certificate(s) issued in respect of the relevant Share Stapled Units and any necessary declarations or other documents that may be required in consequence of any relevant laws and regulations and by such evidence as the Registrar or the Company or the Trustee-Manager may require to prove the title of the transferor or his right to transfer those Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units). The Registrar (or where there is no Registrar, the Trustee-Manager) may dispense with the production of any certificate which shall have become lost, stolen or destroyed upon compliance by the transferor with the like requirements to those arising in the case of an application by him for the replacement thereof.

While the Trust Deed remains in force, in respect of Share Stapled Units which are not deposited with CCASS, the Company and the Trustee-Manager shall alter or cause to be altered the Share Stapled Units Register (and the Register of Members and the Register of Beneficial Interests) to record the date of each transfer of Share Stapled Units (including the Preference Shares which are components of those Share Stapled Units) and the name and address of the transferee.

While the Trust Deed remains in force, no Registered Holder of a Share Stapled Unit (including the Preference Share which is a component of the Share Stapled Unit) may require the transfer of a Share Stapled Unit (including the Preference Share which is a component of the Share Stapled Unit) to be registered during any period for which the Register of Members, and/or the Register of Beneficial Interests is closed under the Company's Articles.

While the Trust Deed remains in force, Preference Shares shall only be transferable (a) in the form of Share Stapled Units and (b) in multiples of one Share Stapled Unit. No transfer shall be registered if the registration thereof would result in the transferor or the transferee being a registered holder of less than one share.

While the Trust Deed remains in force, no transfer or purported transfer of a share other than a transfer made in accordance with the Company's Articles and Clause 9.7 (*Transfer of Share Stapled Units*) of the Trust Deed shall entitle the transferee to be registered in respect thereof. No notice of such transfer or purported transfer (other than as aforesaid) shall be entered upon the Register of Members, the Share Stapled Units Register, the Units Register, the Register of Beneficial Interests or any other register.

2.12 Repurchase and Redemption

Except for the repurchase or redemption of the Preference Shares in accordance with the provisions of the Trust Deed and the Company's Articles, the Company shall not repurchase or redeem any shares otherwise than as components of Share Stapled Units and unless and until the Company is permitted to repurchase or redeem Share Stapled Units by relevant codes and guidelines issued by the SFC from time to time. Thereafter, for as long as the Trust Deed remains in force and except for the repurchase or redemption of the Preference Shares in accordance with the provisions of the Trust Deed and the Company's Articles, the Company may only repurchase or redeem Shares as components of Share Stapled Units repurchased or redeemed and only to the extent permitted by, and in accordance with the provisions of, any or all relevant laws and regulations and any applicable codes and guidelines as may be issued by the SFC from time to time.

The circumstances in which the Preference Shares may be redeemed in accordance with the provisions of the Trust Deed and the Company's Articles are described in *"Appendix VII — Trust Deed — Termination of Jinmao Investments"* and in paragraph 4 below in this section. In addition, the Preference Shares would be exchanged and cancelled on an exercise of the Exchange Right. That provision is described in detail in *"Appendix VII — Trust Deed — Exchange Right"* and in paragraph 3 below in this section.

2.13 Power of Any Subsidiary of the Company to Own Shares

There are no provisions in the Company's Articles relating to the ownership of shares by a subsidiary.

2.14 Dividends and Other Methods of Distributions

Subject to the Cayman Companies Law and the Company's Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Company Board. Dividends shall only be payable in respect of the Ordinary Shares. The Preference Shares confer no rights to or in respect of dividends. The Company Board may from time to time pay to the holders of the Ordinary Shares such interim dividends as appear to the Company Board to be justified. The Company Board may in addition from time to time declare and pay special dividends on the Ordinary Shares of such amounts and on such dates as it thinks fit.

The Company's Articles state that, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board will declare and distribute (a) 100% of the Group Distributable Income for the period from the Listing Date to 31 December 2014 and the financial year ending 31 December 2015 and (b) not less than 90% in respect of each financial year thereafter to the Trustee-Manager to fund distributions in respect of the Share Stapled Units to be made by the Trustee-Manager. In addition, subject to compliance with all applicable laws of the Cayman Islands and the Company's Articles, the Company Board may declare and distribute such additional amounts as the Company Board in their discretion determine.

It is currently (as at the date of adoption of the Company's Articles) the intention of the Company Board that the Company will declare and make distributions to the Trustee-Manager on a semi-annual basis (save that only one distribution will be made in respect of the period from the Listing Date to 31 December 2014), with the interim and final distributions in respect of a financial year being equal, in aggregate, to 100% of the Group Distributable Income in respect of that financial year. The respective proportions of the aggregate annual distribution to be paid as an interim distribution and a final distribution shall be determined by the Company Board in its discretion and the amount of the interim distribution need not be proportionate to the Group Distributable Income in respect of the first six months of the relevant financial year (or other period in respect of which the distribution is made) or proportionate to the Group Distributable Income in respect of the relevant financial year.

If the Group sells any fixed assets or properties, the Company Directors may, at their discretion, retain all or any part of the proceeds (including any realised gains) from such sale (less associated taxes and expenses and associated debt repayments), including any amounts retained for the purpose of servicing future debt repayments and/or for the purpose of complying with covenants in any credit facility agreement (such amounts retained for debt repayment and covenant compliance being "**Excluded Amounts**"), for up to five years following such sale and may utilise the retained proceeds (other than the Excluded Amounts) for the acquisition of other fixed assets or properties, FF&E Reserve and/or capital expenditure. To the extent that all or any part of the retained proceeds (other than the Excluded Amounts) are not utilised for the purposes described above within five years following such sale, the Company will distribute such retained proceeds (other than the Excluded Amounts) to the Trustee-Manager.

The form, frequency and amount of future distributions (if any) in respect of Share Stapled Units will depend on the earnings, financial position and results of operations of the Group, as well as contractual restrictions (including compliance with financial undertakings imposed under the Group's loan facilities agreements), provisions of applicable laws and regulations and other factors including, but not limited to, funding requirements with reference to the prevailing business environment and operations, and expansion plans, other capital management considerations, the overall stability of distributions and prevailing industry practice.

The Company Board may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Company Board may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Subject to the Company's Articles, whenever the Company Board or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Company Board may further resolve either: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up provided that the holders of Ordinary Shares entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the holders of Ordinary Shares entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Company Board may think fit. The Company may upon the recommendation of the Company Board by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to holders of Ordinary Shares to elect to receive such dividend in cash in lieu of such allotment.

Unless otherwise directed by the Company Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the Register of Members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register of Members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Company Board for the exclusive benefit of the Company until claimed. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Company Board and shall revert to the Company.

The Company Board, with the sanction of an ordinary resolution of the members of the Company in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind to the holders of Ordinary Shares, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Company Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any holders of Ordinary Shares upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Company Board.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting.

A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting). Instruments of proxy, whether for a specified meeting or otherwise, shall be in such form that complies with the Listing Rules as the Company Board may from time to time approve, provided that it shall enable a member, according to his intention, to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument appointing a proxy to vote at a general meeting shall (a) be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit and (b) unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates, provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing, or if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person duly authorised to sign the same. The Company Board shall have the right to reject an instrument appointing a proxy which has not been properly completed. In determining the rights to vote and other matters in respect of a completed instrument of proxy submitted to it, the Company Board shall have regard to any instructions and/or notes set out in the instrument of proxy.

The instrument appointing a proxy and (if required by the Company Board) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid provided always that the Chairman of the meeting may at his discretion direct that an instrument of proxy shall be deemed to have been duly deposited upon receipt of facsimile confirmation from the appointor that the instrument of proxy duly signed is in the course of transmission to the Company. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on Shares and Forfeiture of Shares

For as long as the Trust Deed remains in force, the Company shall not issue any partly paid shares; provided that nothing in the Company's Articles or in the Trust Deed shall prohibit or restrict the Company from allotting or issuing any share on terms that the entire sum payable for the share is payable upon allotment or issue or by a fixed date falling no later than 10 Business Days following the date of allotment or issue of the share (or such later time as the Company Board may determine).

Subject to the foregoing, which applies for so long as the Trust Deed remains in force, the Company Board may from time to time make such calls as it may think fit upon the members of the Company in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company's Articles and the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the Company at the time and place so specified the amount called on his shares.

A call may be revoked or postponed as the Company Board may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

The Company's Articles provides that, for as long as the Trust Deed remains in force, the Company may only make calls upon terms agreed with the Trustee-Manager and such terms shall be consistent with the Trust Deed. A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Company Board authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof. If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as the Company Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Company Board may waive payment of such interest wholly or in part.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Company Board may, at any time during such time as any part thereof remains unpaid serve a notice on him requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued and which may still accrue up to the date of actual payment. For so long as the Trust Deed continues in force, the Company shall obtain the consent of the Trustee-Manager before serving any such notice.

The notice shall name a further day (not being earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is unpaid will be liable to be forfeited.

Subject to the prior consent of the Trustee-Manager, if the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Company Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture. A share so forfeited shall be deemed to be the property of the Company and, subject to the applicable provisions of the Trust Deed and the Company's Articles, may be sold, re-allotted or otherwise disposed of or cancelled.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Company Board shall in its discretion so require) interest thereon at such rate not exceeding 15% per annum as the Company Board may prescribe from the date of forfeiture until payment, and the Company Board may enforce payment thereof if it thinks fit without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of Register of Members

There shall be entered in the Principal Register of Members or the Hong Kong Register of Members (as the case may be) the following information as soon as practicable after the Trustee-Manager, the Company or the Registrar receives the relevant information: (a) the names and addresses of the registered holders of shares (and, in the case where the registered holder of shares is HKSCC Nominees, the name and address of HKSCC Nominees); (b) the number of shares held by each registered holder of shares, the distinctive numbers of the Ordinary Shares and Preference Shares held and the distinctive numbers of the certificate, if any, issued in respect thereof; (c) the date on which every such person entered in the Principal Register of Members or the Hong Kong Register of Members, as the case may be, in respect of the shares standing in his name became a registered holder of shares; (d) the date on which any transfer is registered, the name and address of the transferee and, where practicable, a sufficient reference to enable the name and address of the transferor to be identified; (e) the date on which any person ceased to be a registered holder of shares; and (f) the date on which any shares have been repurchased or redeemed pursuant to the Company's Articles.

For as long as the Trust Deed remains in force: (a) the Trustee-Manager shown in the Principal Register of Members as the registered holder of Ordinary Shares shall be the legal owner of the relevant Ordinary Shares, but shall hold those Ordinary Shares on the trusts constituted by the Trust Deed and subject to the beneficial interests of the Registered Holders of Units which are Linked to those Ordinary Shares, in accordance with the provisions of the Trust Deed; (b) each Registered Holder of a Unit shown in the Units Register shall have a beneficial interest (on and subject to the terms and conditions of the Trust Deed) in a number of Ordinary Shares registered in the name of the Trustee-Manager in the register equal to the number of Units registered in the name of the relevant Registered Holder of Units; (c) specifically, each Registered Holder of a Unit shown in the Units Register shall have a beneficial interest (on and subject to the terms and conditions of the Trust Deed) in the specifically identified Ordinary Share which is Linked to the relevant Unit registered in the name of the Registered Holder of that Unit; and (d) each transfer of Units in the Units Register shall include the transfer of the beneficial interest of the Registered Holder of Units in an equal number of Ordinary Shares registered in the name of the Trustee-Manager in the Principal Register of Members (specifically, the specifically identified Ordinary Shares which are Linked to the Units being transferred), to the same transferee.

The Register of Member and/or the Register of Beneficial Interests may, on 14 days' notice being given by announcement published on the Stock Exchange's website, or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Company's Articles or by announcement published in the newspapers, be closed at such times and for such periods as the Company Board may from time to time determine, either generally or in respect of any class of shares, provided that the Register of Members and/or the Register of Beneficial Interests shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

The Hong Kong Register of Members, which is established and maintained by the Company as a branch register in Hong Kong in accordance with the provisions of the Company's Articles, and the Register of Beneficial Interests shall during normal business hours (subject to such reasonable restrictions as the Company Board may impose) be open to inspection by a member of the Company without charge and by any other person on payment of such fee not exceeding HK$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Company Board may determine for each inspection.

2.18 Quorum for Meetings and Separate Class Meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman. Two members of the Company present in person (or in the case of a corporation, by its duly authorised representatives) or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy. Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being present at any meeting in person.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of Minorities in relation to Fraud or Oppression

There are no provisions in the Company's Articles concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on Liquidation

If the Company shall be wound up, the assets available for distribution amongst the members of the Company shall be distributed in the following order of priority: (a) first, in paying to holders of Preference Shares an amount equal to the Offer Price per Preference Share and if there is a shortfall the proceeds shall be distributed to the holders of the Preference Shares in proportion to the amounts due on each such Preference Share held; and (b) thereafter, the balance of such assets shall be distributed amongst the holders of the Preference Shares and the Ordinary Shares *pari passu* as if the same constituted one class of share (in proportion to the number of shares held by them, respectively).

The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions. If the Company shall be wound up, the liquidator may with the authority of a special resolution of the Company and any other sanction required by the Cayman Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may, for such purpose, set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like authority or sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like authority or sanction and subject to the Cayman Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable Members

Subject to the Company's Articles, the Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and provided that: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an announcement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Company's Articles, giving notice of its intention to sell such shares and a period of three months has elapsed since such announcement and the Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

For as long as the Trust Deed remains in force, the Company may only exercise the rights described in the paragraph immediately above subject to, and in compliance with, the provisions of the Trust Deed and the provisions of the Company's Articles described above requiring that the Ordinary Shares remain Linked to Units and the Preference Shares remain Stapled to Units.

3. Repurchase and Cancellation of the Preference Shares on Exercise of the Exchange Right

Subject to the provisions of the Cayman Companies Law, if the Exchange Right is exercised under Clause 12 (Exchange) of the Trust Deed, all the Preference Shares shall be exchanged (together with the Units to which they are Stapled) by their holders with the Trustee-Manager for the Ordinary Shares held by the Trustee-Manager which are Linked to the Units being exchanged. The consideration for the exchange of each Preference Share is the transfer by the Trustee-Manager to the Registered Holder of the relevant Share Stapled Unit of the specifically identified Ordinary Share held by the Trustee-Manager, the beneficial interest in which is a component of that Share Stapled Unit. The Trust Deed provides that pursuant to the exercise of the Exchange Right, the Company will repurchase, from the Trustee-Manager, all of the issued Preference Shares which have been exchanged by the former Registered Holders of Share Stapled Units with the Trustee-Manager pursuant to the exercise of the Exchange Right, for an aggregate purchase price of HK$1.00, and which will be cancelled by the Company.

Subject to that, the Company is not required to provide any additional consideration to any holder or former holder of Share Stapled Units or Preference Shares for or in connection with the exchange of any Preference Share on exercise of the Exchange Right. On the Exchange Date (as defined in the Company's Articles), any and all certificates issued in respect of the Preference Shares shall cease to be valid and the Preference Shares shall confer no further rights.

4. Redemption of Preference Shares in the Event that *Jinmao Investments* is to be Terminated

If Jinmao Investments is to be terminated under Clause 25 (*Termination of Jinmao Investments*) of the Trust Deed (otherwise than pursuant to Clause 25.1(b) of the Trust Deed as a result of the exercise of the Exchange Right, which is governed by the provisions described in paragraph 3 above), subject to the provisions of the Cayman Companies Law all the Preference Shares shall be redeemed in full on a date to be agreed by the Trustee-Manager and the Company and notified to the members of the Company. In the case of a redemption under this provision the Company shall pay on each of the Preference Shares redeemed a sum equal to the par value of the Preference Share. On the day fixed for the redemption of the Preference Shares, the Company shall pay to each holder of Preference Shares the amount payable in respect of such redemption and upon receipt of that amount each such holder shall surrender to the Company the certificates for his Preference Shares in order that they may be cancelled. Irrespective of whether a certificate is delivered to the Company for cancellation, all such certificates shall be cancelled and cease to be valid with effect from the date of payment of the amount payable by the Company in respect of such redemption.

B. SUMMARY OF THE CAYMAN COMPANIES LAW

The Company was registered by way of a continuation in the Cayman Islands subject to the Cayman Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share Capital

The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "**share premium account**". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of Section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course business.

The Cayman Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Cayman Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Company's Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial Assistance to Purchase Shares of a Company or its Holding Company

Subject to all applicable laws, the Company may give financial assistance to Company Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Company Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of Shares and Warrants By a Company and its Subsidiaries

Subject to the provisions of the Cayman Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Cayman Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Cayman Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and Distributions

With the exception of Section 34 of the Cayman Companies Law, there is no statutory provision relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, Section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph (b) above for further details).

(f) Protection of Minorities

The Cayman Court ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Cayman Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Cayman Court shall direct.

Any shareholder of a company may petition the Cayman Court which may make a winding up order if the Cayman Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Cayman Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Cayman Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and Auditing Requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of 20 years from 6 May 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

(k) Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to Directors

There is no express provision in the Cayman Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of Corporate Records

Members of the Company will have no general right under the Cayman Companies Law to inspect or obtain copies of the Register of Members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Cayman Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Cayman Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

(n) Winding Up

A company may be wound up compulsorily by order of the Cayman Court; voluntarily; or, under supervision of the Cayman Court. The Cayman Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Cayman Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Cayman Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Cayman Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Cayman Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Cayman Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Cayman Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within 28 days of the commencement of the liquidation, failing which, its liquidator must apply to Cayman Court for an order that the liquidation continue under the supervision of the Cayman Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval.

A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (pari passu if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least 21 days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Cayman Court. Whilst a dissenting shareholder would have the right to express to the Cayman Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Cayman Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory Acquisition

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Cayman Court within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Cayman Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Court to be contrary to public policy (for example, for purporting to provide indemnification against the consequences of committing a crime).

C. GENERAL

Conyers Dill & Pearman (Cayman) Limited, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in *"Appendix XI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection"*. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

The following summary of certain Hong Kong, the PRC, the BVI and the Cayman Islands tax consequences of the purchase, ownership and disposition of the Share Stapled Units is based upon the laws, regulations, rulings and decisions now in effect, all of which are subject to change (possibly with retroactive effect). The summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Share Stapled Units and does not purport to apply to all categories of prospective investors, some of whom may be subject to special rules. Prospective investors should consult their own tax advisers concerning the application of Hong Kong, the PRC, the BVI and the Cayman Islands tax laws to their particular situation as well as any consequences of the purchase, ownership and disposition of the Share Stapled Units arising under the laws of any other taxing jurisdiction.

The taxation of Jinmao Investments, the Company, Trustee-Manager and that of the Holders of Share Stapled Units is described below. Where Hong Kong, the PRC, the BVI and the Cayman Islands tax laws are discussed, these are merely an outline of the implications of such laws.

Investors should note that the following statements are based on advice received by the Trustee-Manager regarding taxation laws, regulations and practice in force as at the date of this prospectus, which may be subject to change.

A. OVERVIEW OF TAX IMPLICATIONS OF HONG KONG

1. Hong Kong Taxation of Jinmao Investments

Profits Tax

Profits arising in or derived from Hong Kong by Jinmao Investments will generally be chargeable to Hong Kong profits tax at the current profits tax rate of 16.5%. Dividend income derived by the Jinmao Investments from the Company will be excluded from Hong Kong profits tax.

Stamp Duty

No Hong Kong stamp duty is payable by Jinmao Investments on the issue of new Share Stapled Units.

2. Hong Kong Taxation of the Company

Profits Tax

The Company will be subject to Hong Kong profits tax in respect of profits arising in or derived from Hong Kong at the current rate of 16.5%. Dividend income derived by the Company from its subsidiaries will be excluded from Hong Kong profits tax.

3. Hong Kong Taxation of the Trustee-Manager

Profits Tax

The Trustee-Manager will be subject to Hong Kong profits tax in respect of the profits derived from the provision of trust administration services to Jinmao Investments at the current profits tax rate of 16.5%.

4. Hong Kong Taxation of Holders of Share Stapled Units

Profits Tax

The Company believes that under the current practice of the IRD, Hong Kong profits tax will not generally be payable by unitholders on distributions by Hong Kong listed unit trusts or fixed single investment trusts (such as Jinmao Investments). Holders of Share Stapled Units should take advice from their own professional advisers as to their particular tax position.

Hong Kong profits tax will not be payable by any Holders of Share Stapled Units (other than Holders of Share Stapled Units carrying on a trade, profession or business in Hong Kong and holding the Share Stapled Units for trading purposes) on any capital gains made on the sale or other disposal of the Share Stapled Units.

Stamp Duty

No Hong Kong stamp duty is payable by Holders of Share Stapled Units in relation to the issue of Share Stapled Units to them by Jinmao Investments.

Based on the understanding obtained from the IRD, Hong Kong stamp duty will be charged on the sale and purchase of Share Stapled Units (each of which comprises a Unit, an Ordinary Share and a Preference Share) only, at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Share Stapled Units being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The Holder of Share Stapled Units selling the Share Stapled Units and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5 is currently payable on any instrument of transfer of Share Stapled Units.

Estate Duty

Hong Kong estate duty was abolished effective from 11 February 2006. No Hong Kong estate duty is payable by Holders of Share Stapled Units in relation to the Share Stapled Units owned by them upon death.

B. OVERVIEW OF TAX IMPLICATIONS OF VARIOUS OTHER JURISDICTIONS

1. Taxation in the PRC

Enterprise Income Tax

Under the Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) (the "**EIT Law**") and its implementation rules which became effective on 1 January 2008, a uniformed tax rate of 25% applies to all enterprises (including foreign-invested enterprises).

An enterprise established outside the PRC with its "de facto management body" located within the PRC will be classified as a "resident enterprise" for the purposes of PRC enterprise income tax (the "**EIT**") if all of the following requirements are satisfied and will be subject to the EIT at the rate of 25% on its global income: (a) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (b) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (d) at least half of the enterprise's directors with voting rights or senior management reside within the PRC. In addition, an enterprise established outside the PRC which meets all of the aforesaid requirements is expected to make an application for the classification as a "resident enterprise" and this will ultimately be confirmed by the province-level tax authority. However, it is still unclear how the PRC tax authorities will determine whether a non-PRC entity (that has not already been notified of its status for the PRC EIT purposes) will be classified as a "resident enterprise".

As at the Latest Practicable Date, none of the offshore entities in the Group has been notified or informed by the PRC tax authorities that it is classified as a "resident enterprise" for the PRC EIT purposes. If the PRC tax authorities subsequently determine that the Company or its offshore holding entities are deemed to be or should be classified as "resident enterprise", the Company or such offshore entities may be subject to EIT at a rate of 25%.

According to the EIT Law, dividends declared after 1 January 2008 and paid by PRC foreign-invested enterprises to their non-PRC parent companies will be subject to PRC withholding tax of 10% unless there is a tax treaty between the PRC and the jurisdiction in which the overseas parent company is incorporated and which specifically exempts or reduces such withholding tax, and such tax exemption or reduction is approved by the relevant PRC tax authorities. Pursuant to the Arrangement between the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**Mainland and Hong Kong Taxation Arrangement**") signed on 21 August 2006 and became effective on 8 December 2006, if the non-PRC parent company is a Hong Kong resident and directly holds a 25% or more interest in the PRC enterprise, such withholding tax rate may be lowered to 5%, subject to approvals by relevant PRC tax authorities.

On 28 March 2011, the State Administration of Taxation promulgated the Announcement of the State Administration of Taxation on Certain Issues Concerning the Administration of Income Tax for Non-resident Enterprises (國家稅務總局關於非居民企業所得稅管理若干問題的公告), which became effective on 1 April 2011. According to this Announcement, where a PRC resident enterprise distributes dividends, profits or other equity investment gains to a non-PRC resident enterprise that has no organisation or premises in the PRC, the resident enterprise shall withhold and pay the enterprise income tax on the date of determination of dividend distribution. In addition, where such equity investment gains are paid before the distribution decision is made, the enterprise income tax shall be withheld and paid when the payment is made.

In addition, the PRC State Administration of Taxation promulgated the Notice of the State Administration of Taxation on How to Understand and Determine the "Beneficial Owners" in Tax Treaties" ("**Circular 601**") on 27 October 2009. The Circular 601 provides that tax treaty benefits will not be afforded to conduit or shell companies without business substance, and a beneficial ownership analysis will be used based on a "substance-over-form" principle to determine whether or not to grant tax treaty benefits.

Business Tax

A business which provides services (except entertainment businesses), assigns intangible assets or sells immovable property is liable to business tax at rates ranging from 3% to 20% of the charges for the services provided, intangible assets assigned or immovable property sold (as the case may be). The business tax rate of 3% is applicable on taxable services relating to communications, construction, culture, sports and transportation. All other services generally attract a business tax rate of 5%, except that services relating to entertainment is subject to a rate ranging from 5% to 20%.

In addition, business tax is payable on the gross amount of all billings with respect to services rendered within the PRC unless specific rules stipulate the use of a net amount.

A Municipal Maintenance Tax, together with an Education Surcharge (further described below) and a local education surcharge, are payable at a rate, in aggregate, of 6.0% to 12.0% of the business tax.

Value Added Tax

The Interim Regulation of the People's Republic of China on Value Added Tax (中華人民共和國增值稅暫行條例) (the "**VAT Regulation**") came into effect on 1 January 2009. Pursuant to the VAT Regulation, value added tax (the "**VAT**") is imposed on the goods sold in or imported into the PRC and on processing, repair and replacement services provided within the PRC. Unless provided otherwise, a VAT rate of 17% is applicable on taxable items encompassing the sale of most tangible goods and the provision of certain labour in respect of processing, repair and replacement services undertaken in the PRC.

A Municipal Maintenance Tax, together with Education Surcharge and a local education surcharge, are payable at a rate, in aggregate, of 6.0% to 12.0% of the VAT.

Land Appreciation Tax

Under the Provisional Regulations of the PRC on Land Appreciation Tax (《中華人民共和國土地增值稅暫行條例》) promulgated by the State Council on 13 December 1993 and became effective on 1 January 1994, and amended on 8 January 2011, together with its implementing rules which were promulgated by the Ministry of Finance on 27 January 1995, the land appreciation tax (the "**LAT**") applies to both domestic and foreign investors in real properties in the PRC, irrespective of corporate entities or individuals. The tax is payable by a taxpayer on the capital gains from the transfer of land use right, buildings or other facilities on such land, after deducting "deductible items" that include: (a) payments made to acquire land use right; (b) costs and charges incurred in connection with land development; (c) construction costs and charges in the case of newly constructed buildings and facilities; (d) assessed value in the case of old buildings and facilities; (f) taxes paid or payable in connection with the transfer of the land use right, buildings or other facilities on such land; and (e) other items allowed by the Ministry of Finance. The tax rate is progressive and ranges from 30% to 60% of the gain, as follows:

- Portion not exceeding 50% of deductible items: 30%
- Portion over 50% but not more than 100% of deductible items: 40%
- Portion over 100% but not more than 200% of deductible items: 50%
- Portion over 200% of deductible items: 60%

Deed Tax

Pursuant to the Provisional Regulations of the PRC on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on 7 July 1997 and implemented on 1 October 1997, the transferee of the land use right and/or property ownership in the PRC will be the obliged taxpayer for the deed tax. The rate of the deed tax ranges from 3% to 5%, subject to determination by local governments at the provincial level in light of local conditions.

Real Estate Tax

Properties owned by an enterprise will be subject to real estate tax at variable rates depending on locality. In certain localities, real estate tax is applicable at a rate of 1.2% of the original value of the building less a standard deduction which ranges from 10% to 30% of the original value or at a rate of 12% of the rental income.

Urban Land Use Tax

According to the PRC Provisional Regulations on Urban Land Use Tax (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council in September 1988, the urban land use tax is levied according to the area of relevant land. The annual tax on the urban land was previously between RMB0.2 and RMB10 per sq.m.. An amendment by the State Council in December 2006 changed the annual tax rate on the urban land to between RMB0.6 and RMB30 per sq.m.. On 31 December 2006, the Provisional Regulations of the PRC on Urban

Land Use Tax were amended by the State Council. Since 1 January 2007, on the basis of the amended regulations, the urban land use tax has been charged at a rate three times higher (i.e. between RMB 0.6 and RMB 30 per sq.m.) than the previous rate and foreign-invested enterprises are no longer exempted.

Stamp Duty

According to the PRC Provisional Regulations on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated by the State Council in August 1988 and amended on 8 January 2011, property transfer instruments, including those in respect of property ownership transfers, are subject to stamp duty at a rate of 0.05% of the amount stated therein.

Municipal Maintenance Tax

According to the PRC Provisional Regulations on Municipal Maintenance Tax (《中華人民共和國城市維護建設稅暫行條例》) promulgated by the State Council in February 1985 and amended on 8 January 2011, a taxpayer of product tax, VAT or business tax is required to pay a municipal maintenance tax calculated on the basis of product tax, VAT and business tax.

The tax rate is 7% for a taxpayer in an urban area, 5% in a county or a town, and 1% for a taxpayer not in any urban area or county or town.

Education Surcharge

According to the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) promulgated by the State Council in April 1986 and subsequently amended in June 1990, August 2005 and January 2011, any taxpayer of VAT, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》), which was promulgated in December 1984. The education surcharge rate is 3% calculated on the basis of consumption tax, VAT and business tax.

2. Taxation in the BVI

A company incorporated under the BVI Business Companies Act, 2004, as amended, of the BVI is exempt from all provisions of the Income Tax Act (as amended) of the BVI (including with respect to all dividends, interests, rents, royalties, compensation and other amounts payable by the company to persons who are not persons resident in the BVI).

Capital gains realised with respect to any shares, debt obligations or other securities of a company by persons who are not persons resident in the BVI are also exempt from all provisions of the Income Tax Act of the BVI.

No estate, inheritance, succession or gift tax, rate, duty, levy or other charge is payable by persons who are not persons resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

No stamp duty is payable in the BVI on a transfer of shares in a BVI company except those which hold interests in land in the BVI.

3. Taxation in the Cayman Islands

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(b) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of 20 years from 6 May 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

The Company was incorporated under the laws of the BVI with limited liability on 18 January 2008 under the name of Wise Pine Limited. The Company changed its name to its present name when it registered by way of continuation in the Cayman Islands as an exempted company with limited liability on 21 March 2014 under the Cayman Companies Law. The Company has established a principal place of business in Hong Kong at Rooms 4702-03, 47th Floor, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under the Companies (Non-Hong Kong Companies) Regulation (Chapter 622J of the Laws of Hong Kong) on 11 April 2014, with Ms. Seng Sze Ka Mee, Natalia and Ms. Ho Wing Tsz Wendy, both of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, appointed as the Hong Kong authorised representatives of the Company on 27 March 2014 for acceptance of the service of process and any notices required to be served on the Company in Hong Kong.

As the Company was registered by way of continuation in the Cayman Islands, its operations are subject to the Cayman Companies Law and to its constitution which comprises the Memorandum and Articles of Association of the Company. A summary of the relevant sections of the Memorandum and Articles of Association of the Company and the relevant aspects of the Cayman Companies Law is set out in *"Appendix VIII — Summary of the Constitution of the Company and Cayman Companies Law"*.

2. Changes in the Share Capital of the Company

As at the date of incorporation of the Company, the maximum number of shares that the Company was authorised to issue was 50,000. The following alterations in the share capital of the Company have taken place since its date of incorporation up to the date of this prospectus:

(a) on 5 December 2008, the maximum number of shares that the Company was authorised to issue was increased to 1,000,000;

(b) on 21 March 2014, on the continuation of the Company to the Cayman Islands, the authorised and issued share capital was US$1,000,000 divided into 1,000,000 shares of par value of US$1.00 each;

(c) on 13 June 2014, (i) the authorised share capital of the Company was increased to HK$5,000,000 by the creation of 10,000,000,000 shares (the "**New Shares**") of a par value of HK$0.0005 each (the "**Increase**"); (ii) 2,800,000,000 New Shares were allotted and issued nil paid to Franshion (the "**Issue**") at a price of HK$0.00325 each, being an aggregate subscription price of HK$7,800,000 (the "**Subscription Price**"); (iii) the Company repurchased the 1,000,000 existing issued shares of US$1.00 each (the "**Existing Shares**") in the capital of the Company in issue immediately prior to the Increase at a price of US$1.00 per Existing Share, being an aggregate repurchase price of HK$7,800,000 (the "**Repurchase Price**") (the "**Repurchase**") following which the Existing Shares were cancelled; (iv) the Subscription Price was set-off against the aggregate Repurchase Price and the 2,800,000,000 nil paid New

Shares were credited as fully paid and (v) following the Repurchase, the authorised but unissued share capital of the Company was diminished by the cancellation of all the 1,000,000 unissued shares of par value US$1.00 each in the capital of the Company; and

(d) the share capital of the Company was changed by re-designating the authorised share capital of the Company from HK$5,000,000 divided into 10,000,000,000 New Shares of par value of HK$0.0005 each into HK$5,000,000, of which 5,000,000,000 shares were designated as Ordinary Shares and 5,000,000,000 shares were designated as Preference Shares, in each case with the rights, preferences, privileges and restrictions as set out in the Company's amended and restated Memorandum and Articles of Association.

Save as disclosed above, there has been no alteration in the share capital of the Company since the date of its incorporation.

3. Written Resolutions of the Sole Shareholder passed on 13 June 2014

On 13 June 2014, resolutions of the Company were passed by Franshion, the then sole shareholder of the Company, pursuant to which, among other things:

(a) the share capital of the Company was changed by re-designating the authorised share capital of the Company from HK$5,000,000 divided into 10,000,000,000 New Shares of par value of HK$0.0005 each into HK$5,000,000, of which 5,000,000,000 shares were designated as Ordinary Shares and 5,000,000,000 shares were designated as Preference Shares, in each case with the rights, preferences, privileges and restrictions as set out in the Company's amended and restated Memorandum and Articles of Association;

(b) conditional upon the satisfaction (or, if applicable, waiver) of the conditions set out in *"Structure of the Global Offering — Conditions of the Global Offering"* and pursuant to the terms set out therein, the Company Directors were authorised to allot and issue such number of Ordinary Shares and Preference Shares so as to match such number of Units that will be offered and issued pursuant to the Global Offering, such Ordinary Shares and Preferences Shares to be Linked and Stapled, respectively, to such Units to form Share Stapled Units;

(c) the Company's amended and restated Memorandum and Articles of Association were approved and adopted; and

(d) a general mandate was conditionally granted to the Company Directors to issue or agree (conditionally or unconditionally) to issue Shares in accordance with the Trust Deed and the Company's Articles as components of Share Stapled Units, at any time after the Listing Date and on or prior to the date of the first annual general meeting of Shareholders held after the Listing Date (whether directly or pursuant to any Convertible Instrument), without the approval of an ordinary resolution of Shareholders if the total number of new Shares issued, or agreed (conditionally or unconditionally) to be issued, under the general mandate, otherwise than pursuant to (i) a rights issue or (ii) any distribution reinvestment arrangement providing for the issue of Shares (as components of Share Stapled Units) in lieu of a distribution on Share Stapled Units in accordance with the Trust Deed and the Company's Articles, does not increase the number of Shares outstanding immediately following the completion of the Global Offering on the Listing Date by more than 20%.

Any issue of, or any agreement (whether conditional or unconditional) to issue, new Shares exceeding the percentage threshold specified above shall require specific prior approval by an ordinary resolution of Shareholders, except that agreements to issue new Shares exceeding such percentage threshold which are conditional upon specific prior approval by an ordinary resolution of Shareholders may be entered into without first obtaining such prior approval.

The authority granted under the general mandate above shall only remain in effect until the conclusion of the first annual general meeting of Shareholders following the Listing Date, or the expiration of the period within which such annual general meeting is required to be held, or until revoked, renewed or varied by an ordinary resolutions of the Shareholders, whichever occurs first.

On 27 May 2014, the Trustee-Manager Directors also approved, among other things, the allotment and issue of Share Stapled Units pursuant to the Reorganisation and the Global Offering, conditional upon the conditions set out in *"Structure of the Global Offering — Conditions of the Global Offering"* being satisfied (or, if applicable, waived).

4. Subsidiaries

Details of the subsidiaries of the Company are set out in *"Appendix I — Accountants' Report"*.

The following subsidiaries have been incorporated within two years immediately preceding the date of this prospectus:

Name of Subsidiary	Place of Incorporation	Date of Incorporation
Grace Circle Development Limited	BVI	26 August 2013
Forever Eagle Limited.	Hong Kong	25 October 2013

Save as set out above and in *"Appendix I — Accountants' Report"*, there has been no alteration in the share capital of the subsidiaries of the Company within two years immediately preceding the date of this prospectus.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of Material Contracts

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) the share transfer agreement dated 22 January 2014 entered into between Franshion, Glory First Enterprises Limited and Forever Eagle Limited pursuant to which Forever Eagle Limited conditionally agreed to acquire 25% of the issued share capital of Wangfujing Hotel Management from Franshion for a consideration of US$19,137,800. Such share transfer agreement was entered into as part of the Reorganisation;

(b) the share transfer agreement dated 22 January 2014 entered into between Franshion, Glory First Enterprises Limited and Forever Eagle Limited pursuant to which Forever Eagle Limited conditionally agreed to acquire 75% of the issued share capital of Wangfujing Hotel Management from Glory First Enterprises Limited for a consideration of US$57,413,400. Such share transfer agreement was entered into as part of the Reorganisation;

(c) the share transfer agreement dated 11 June 2014 entered into between Jin Mao (Shanghai) Real Estate and Jin Mao Hainan pursuant to which Jin Mao Hainan conditionally agreed to acquire the entire issued share capital of Li Long (Shanghai) Hotel Management Company Limited for a consideration of RMB745,947,300. Such share transfer agreement was entered into as part of the Reorganisation;

(d) the Trust Deed dated 13 June 2014 constituting Jinmao Investments and entered into between the Trustee-Manager and the Company on the terms as more particularly set out in *"Appendix VII — Trust Deed"*;

(e) the Hotel Arrangements Deed dated 13 June 2014 entered into between Franshion and the Company pursuant to which Franshion has agreed to the Hotel Arrangements with the Company, as more particularly set out in *"Relationship with Franshion — Hotel Arrangements"*;

(f) the Distribution Guarantee and Shortfall Payments Deed dated 13 June 2014 entered into between Franshion and the Trustee-Manager pursuant to which Franshion has agreed to provide the Distribution Guarantee and make the Shortfall Payments, as more particularly set out in *"Distributions"*;

(g) a cornerstone investment agreement dated 13 June 2014 entered into among the Trustee-Manager, the Company, the Joint Global Coordinators and Carnelian Investment Holdings Limited pursuant to which Carnelian Investment Holdings Limited agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$77,500,000, rounded down to the nearest whole board lot of 500 Share Stapled Units, on the terms as more particularly set out in "*Cornerstone Investors*";

(h) a cornerstone investment agreement dated 13 June 2014 entered into among the Trustee-Manager, the Company, the Joint Global Coordinators and Mr. Gordon Tang pursuant to which Mr. Gordon Tang agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000, rounded down to the nearest whole board lot of 500 Share Stapled Units, on the terms as more particularly set out in "*Cornerstone Investors*";

(i) a cornerstone investment agreement dated 13 June 2014 entered into among the Trustee-Manager, the Company, the Joint Global Coordinators and Mdm. Chen Huaidan pursuant to which Mdm. Chen Huaidan agreed to subscribe for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$38,750,000, rounded down to the nearest whole board lot of 500 Share Stapled Units, on the terms as more particularly set out in "*Cornerstone Investors*";

(j) a cornerstone investment agreement dated 13 June 2014 entered into among the Trustee-Manager, the Company, the Joint Global Coordinators and Shanghai Construction Group Co., Ltd., pursuant to which Shanghai Construction Group Co., Ltd. agreed to subscribe, or procure its wholly-owned subsidiary to subscribe, for such number of Share Stapled Units at the Offer Price for an aggregate subscription amount equal to HK$155,000,000, rounded down to the nearest whole board lot of 500 Share Stapled Units, on the terms as more particularly set out in "*Cornerstone Investors*"; and

(k) the Hong Kong Underwriting Agreement dated 18 June 2014 entered into among the Company, the Trustee-Manager, Franshion, the Joint Global Coordinators, the Joint Sponsors and the Hong Kong Underwriters on the terms as more particularly set out in *"Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Hong Kong Underwriting Agreement"*.

2. Intellectual Property

As at the Latest Practicable Date, the Group had registered or applied for registration of the following intellectual property rights which are material to its business:

(a) Trademarks

(i) As at the Latest Practicable Date, the Group had registered the following trademarks, which are material to its business:

Trademark	Type and Class	Registered Owner	Place of Registration	Registration Number	Expiry Date
	36	China Jin Mao (Group)	PRC	4886532	13 May 2019
	39	China Jin Mao (Group)	PRC	4886530	6 March 2019
	41	China Jin Mao (Group)	PRC	4886588	27 April 2019
	43	China Jin Mao (Group)	PRC	4886586	13 May 2019

(b) Domain Names

As at the Latest Practicable Date, the Group had registered the following domain names:

Domain Name	Registered Owner	Expiry Date
中国金茂.中国	China Jin Mao (Group)	4 September 2021
Jinmao88.com.cn	China Jin Mao (Group)	24 March 2022
Jinmaotower.com.cn	China Jin Mao (Group)	24 March 2022
Jinmaogroup.com.cn	China Jin Mao (Group)	24 March 2022
Jinmaogroup.com	China Jin Mao (Group)	24 March 2022
Jinmaogroup.cn	China Jin Mao (Group)	24 March 2022
Jinmao88.cn	China Jin Mao (Group)	24 March 2022
Jinmaotower.cn	China Jin Mao (Group)	26 March 2022
金茂大厦.中国	China Jin Mao (Group)	23 July 2022
金茂集团.中国	China Jin Mao (Group)	23 July 2022
中国金茂.com	China Jin Mao (Group)	3 September 2022
中国金茂.cn	China Jin Mao (Group)	4 September 2022
金茂供应链.com	China Jin Mao (Group)	18 April 2022
金茂供应链平台.com	China Jin Mao (Group)	18 April 2022

C. FURTHER INFORMATION ABOUT THE DIRECTORS

1. Disclosure of Interests

Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised), the interests and/or short positions (as applicable) of the Directors and the chief executive of the Company in the Share Stapled Units, the Preference Shares, the Ordinary Shares and debentures of the Company and any interests and/or short positions (as applicable) in shares or debentures of any of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange, will be as follows:

Interests/Short Positions in Shares of Associated Corporations

Name of Director or Chief Executive	Number of Shares	Nature of Interest	Approximate Percentage
Franshion Properties (China) Limited			
Mr. HE Cao	1,500,000	Underlying shares subject to share options	0.02%
Mr. ZHANG Hui(1)	1,200,000	Underlying shares subject to share options	0.01%
Mr. LI Congrui	1,450,000	Underlying shares subject to share options	0.02%
Mr. JIANG Nan	1,618,610	Underlying shares subject to share options	0.02%
Mr. CHEN Jieping(2)	50,000	Personal interest	0.0005%

Notes:

(1) Mr. Zhang Hui has agreed with Franshion that conditional upon the completion of the Global Offering, Franshion will cancel all his outstanding share options with effect from the Listing Date.

(2) Mr. Chen Jieping is an independent non-executive Director and to ensure his independence, he has undertaken to dispose of all of his interests in these shares by the Listing Date.

Save as disclosed above, none of the Directors or the chief executive of the Company will, immediately following the completion of the Global Offering, have an interest and/or short position (as applicable) in the Share Stapled Units, the Preference Shares, the Ordinary Shares or debentures of the Company or any interests and/or short positions (as applicable) in the shares or debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which (i) will have to be notified to the Trustee-Manager, the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), (ii) will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Trustee-Manager, the Company and the Stock Exchange, in each case once the Share Stapled Units are listed on the Stock Exchange.

2. Particulars of Letters of Appointment

Each of the Company Directors has entered into a letter of appointment with the Company for a period of three years from respective dates of appointment, subject to the provision of retirement and rotation of Directors under the Articles. Each of the Trustee-Manager Directors has also entered into a separate letter of appointment with the Trustee-Manager. Under the Trust Deed, the Trustee-Manager Directors must be the same individuals who serve as the Company Directors at the relevant time. Accordingly, the retirement by rotation provisions will also be applicable, indirectly, in relation to the Trustee-Manager Board.

Pursuant to the terms of the letter of appointment entered into between each Company Director (on the one part) and the Company (on the other part), (i) the annual director's fees payable by the Company to each of the independent non-executive Company Director are HK$200,000 and (ii) no director's fees are payable to the other Company Directors. The Directors' fees will be payable from the Listing Date.

The director's fees payable by the Company to the relevant Company Director is subject to increase or reduction as shall be determined or approved by the Company Board and the Holders of Share Stapled Units.

Pursuant to the terms of the letters of appointment entered into between each Trustee-Manager Director (on the one part) and the Trustee-Manager (on the other part), none of them is entitled to any director's fees or any bonus from the Trustee-Manager.

Each of the Directors is entitled to reimbursement from the Company or the Trustee-Manager (as the case may be) for all necessary and reasonable out-of-pocket expenses properly incurred in connection with the performance and discharge of his/her duties under his/her letter of appointment.

Save as disclosed above, none of the Directors has entered into any service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

For details of the Directors' remuneration, see *"Directors and Senior Management — Remuneration of the Directors and of the Five Highest Paid Individuals"*.

4. Agency Fees or Commissions Received

The Underwriters will receive an underwriting commission and the Joint Global Coordinators may receive a discretionary incentive fee and an additional discretionary fee in connection with the Underwriting Agreements, as detailed in *"Underwriting — Commissions and Expenses"*. Save in connection with the Underwriting Agreements, no commissions, discounts, brokerages or other special terms have been granted by the Group to any person (including the Directors and experts referred to in *"— Other Information — Qualifications and Consents of Experts"* below) in connection with the issue or sale of any capital or security of Jinmao Investments, the Company or any member of the Group within the two years immediately preceding the date of this prospectus.

5. Personal Guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Group.

6. Disclaimers

(a) None of the Directors nor any of the experts referred to *in "— Other Information — Qualifications and Consents of Experts"* below has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by, or leased to, any member of the Group.

(b) Save in connection with the Underwriting Agreements, none of the Directors nor any of the experts referred to in *"— Other Information — Qualifications and Consents of Experts"* below, is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of the Group.

(c) None of the Directors has any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(d) Save as disclosed in *"Relationship with Franshion"*, none of the Controlling Holder of Share Stapled Units and the Directors are interested in any business apart from the Group's business which competes or is likely to compete, directly or indirectly, with the business of the Group.

(e) No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of Jinmao Investments or the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transactions as mentioned.

(f) So far as is known to the Directors, none of the Directors or their associates or any Holders of Share Stapled Units and shareholders of the Company who are expected to be interested in 5% or more of the issued Units and the issued share capital of the Company has any interest in the five largest customers or the five largest suppliers of the Group.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Group in Hong Kong, the PRC, the Cayman Islands and the BVI.

2. Joint Sponsors

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Joint Sponsors will receive an aggregate fee of US$1 million for acting as the sponsors for the Listing.

3. Registration Procedures

The Units Register of Jinmao Investments will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited.

The register of members of the Company will be maintained in the Cayman Islands by Codan Trust Company (Cayman) Limited and a Hong Kong register of members of the Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Save where the directors of the Company otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the Company's share register in Hong Kong and may not be lodged in the Cayman Islands.

The Share Stapled Units Register will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited.

4. Preliminary Expenses

The total preliminary expenses of Jinmao Investments and the Company are estimated to be approximately HK$78,000 and are payable by Jinmao Investments and the Company.

5. Promoter

Neither Jinmao Investments nor the Company has any promoter. Save as disclosed above, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefits have been paid, allotted or given nor are intended to be paid, allotted or given to the promoters in connection with the Global Offering or the related transactions described in this prospectus.

6. Particulars of Franshion

Pursuant to the Over-allotment Option, Franshion may be required to sell Share Stapled Units pursuant to the exercise of the Over-allotment Option. Certain particulars of Franshion are set out below:

Name	Description of Business	Registered Office	Number of Share Stapled Units subject to the Over-allotment Option
Franshion	Developer and operator of large-scale and high-end commercial real estate projects in the PRC	Rooms 4702-03, 47th Floor Office Tower, Convention Plaza No. 1 Harbour Road Wanchai Hong Kong	Up to 90,000,000

A statement of particulars of Franshion has been attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration.

7. Qualifications and Consents of Experts

The qualifications of the experts which have given opinions or advice which are contained in, or referred to in, this prospectus are as follows:

Name of Expert	Qualifications
Deutsche Securities Asia Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on future contracts), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) regulated activities
Morgan Stanley Asia Limited	Licensed under the SFO to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities
Conyers Dill & Pearman (Cayman) Limited	Cayman Islands attorneys-at-law
DTZ Debenham Tie Leung Limited	Independent property valuer and independent market consultant
Ernst & Young	Certified Public Accountants
Tian Yuan Law Firm	PRC attorneys-at-law

Each of Deutsche Securities Asia Limited, Morgan Stanley Asia Limited, Conyers Dill & Pearman (Cayman) Limited, DTZ Debenham Tie Leung Limited, Ernst & Young and Tian Yuan Law Firm has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear.

8. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in Section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in *"History and Reorganisation"*, *"Information About the Share Stapled Units"*, *"Structure of the Global Offering"* and in this Appendix, within the two years preceding the date of this prospectus, no Unit or share or loan capital of the Company or any of its subsidiaries has been issued or has been agreed to be issued fully or partly paid either for cash or for a consideration other than cash.

(b) No Unit or share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(c) No founders, management or deferred Units or shares of the Company or any of its subsidiaries have been issued or have been agreed to be issued.

(d) None of the equity and debt securities of Jinmao Investments or the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

(e) Each of Jinmao Investments and the Company has no outstanding convertible debt securities or debentures.

(f) None of Deutsche Securities Asia Limited, Morgan Stanley Asia Limited, Conyers Dill & Pearman (Cayman) Limited, DTZ Debenham Tie Leung Limited, Ernst & Young and Tian Yuan Law Firm:

(i) is interested beneficially or non-beneficially in any shares in any member of the Group; or

(ii) has any right (save in their respective capacities as Qualifying Franshion Shareholders, if applicable) or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group save in connection with the Underwriting Agreements.

(g) No company within the Group is presently listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought.

(h) The English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.

(i) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 12 months preceding the date of this prospectus.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW**, **BLUE** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in *"Appendix X — Statutory and General Information — Further Information About the Business — Summary of Material Contracts"*;

(c) the written consents referred to in *"Appendix X — Statutory and General Information — Other Information — Qualifications and Consents of Experts"*; and

(d) the statement of particulars of Franshion.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Freshfields Bruckhaus Deringer at 11th Floor, Two Exchange Square, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Trust Deed;

(b) the amended and restated Memorandum and Articles of Association of the Company;

(c) the Accountants' Report and the report on the unaudited pro forma financial information prepared by Ernst & Young, the texts of which are set out in *"Appendix I — Accountants' Report"* and *"Appendix II — Unaudited Pro Forma Financial Information"*, respectively;

(d) the audited combined financial statements of the Group for the years ended 31 December 2011, 2012 and 2013;

(e) the property valuation report from DTZ, the text of which is set out in *"Appendix IV — Property Valuation"*;

(f) the market report prepared by DTZ, the text of which is set out in *"Appendix V — DTZ Market Report"*;

(g) the letter from Conyers Dill & Pearman (Cayman) Limited, the Company's Cayman Islands legal adviser, summarising the constitution of the Company and certain aspects of Cayman Companies Law referred to in *"Appendix VIII — Summary of the Constitution of the Company and Cayman Companies Law"*;

(h) the Cayman Companies Law;

(i) the letters of appointment referred to in *"Appendix X — Statutory and General Information — Further Information About the Directors — Particulars of Letters of Appointment"*;

(j) the material contracts referred to in *"Appendix X — Statutory and General Information — Further Information About the Business — Summary of Material Contracts"*;

(k) the written consents referred to in *"Appendix X — Statutory and General Information — Other Information — Qualifications and Consents of Experts"*; and

(l) the statement of particulars of Franshion referred to in *"Appendix X — Statutory and General Information — Other Information — Particulars of Franshion".*

金茂投資
JINMAO INVESTMENTS

金茂(中國)投資控股有限公司
JINMAO (CHINA) INVESTMENTS HOLDINGS LIMITED