
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares in Zhejiang New Century Hotel Management Co., Ltd., you should at once hand this circular and the accompanying proxy form and reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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

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

(Stock Code: 1158)

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE
YEAR ENDED DECEMBER 31, 2018;**
- (2) WORK REPORT OF THE SUPERVISORY BOARD
FOR THE YEAR ENDED DECEMBER 31, 2018;**
- (3) AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2018;**
- (4) ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018;**
- (5) PROFIT DISTRIBUTION PLAN FOR 2018;**
- (6) RE-APPOINTMENT OF AUDITOR FOR 2019;**
- (7) PROPOSED AMENDMENTS TO THE ARTICLES
OF ASSOCIATION (H SHARES);**
- AND**
- (8) NOTICE OF 2018 ANNUAL GENERAL MEETING**

A notice convening an annual general meeting of the Company to be held at Minghou Hall, 4th Floor, New Century Grand Hotel Hangzhou, No. 818 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the People's Republic of China ("PRC") at 2:00 p.m. on Thursday, June 20, 2019 is set out on pages 16 to 19 of this circular.

If you do not intend to attend the AGM in person, you are urged to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the form(s) of proxy together with power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited, in case of holders of Domestic Shares and holders of Unlisted Foreign Shares, to the Company's registered office address at 18th Floor, No. 818, Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC, and in case of H Shareholders, with the Company's H Share registrar Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 24 hours before the time appointed for holding the Annual General Meeting(s) or its any adjournment(s). Completion and return of this form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish. In the event that the shareholder attends the meeting or any adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.

May 3, 2019

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DEFINITIONS

“AGM Notice”	notice of the Annual General Meeting
“Annual General Meeting” or “AGM”	the 2018 annual general meeting of the Company which is scheduled to be held at Minghou Hall, 4th Floor, New Century Grand Hotel Hangzhou, No. 818 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC at 2:00 p.m. on Thursday, June 20, 2019
“Annual Report”	the 2018 annual report published by the Company on April 24, 2019 on the websites of the Company (www.kaiyuanhotels.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk)
“Articles of Association (H Shares)”	the articles of association of Zhejiang New Century Hotel Management Co., Ltd. (H Shares)
“Board” or “Board of Directors”	the board of Directors of the Company
“the Company” or “Company”	Zhejiang New Century Hotel Management Co., Ltd. (浙江開元酒店管理股份有限公司), a joint stock company with limited liability incorporated in the PRC
“Company Law”	the Company Law of the PRC as amended by the Standing Committee of the National People’s Congress as amended, supplemented and otherwise modified from time to time
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the capital of the Company, with the nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and listed on the Stock Exchange
“H Shareholder(s)”	holder(s) of H Share(s)

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular, Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB” or “Renminbi”	the lawful currency of the PRC
“Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, including the Domestic Shares, Unlisted Foreign Shares and H Shares
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Board”	the board of Supervisors
“Unlisted Foreign Share(s)”	ordinary share(s) in the capital of the Company, with the nominal value of RMB1.00 each and are held by persons other than PRC nationals or PRC incorporated entities and are not listed on any stock exchange

LETTER FROM THE BOARD



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

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

(Stock Code: 1158)

Executive Directors:

Mr. Jin Wenjie (*Chairman*)

Mr. Chen Miaoqiang

Non-executive Directors:

Mr. Chen Miaolin

Mr. Chen Canrong

Mr. Jiang Tianyi

Mr. Zhang Chi

Independent non-executive Directors:

Mr. Zhang Rungang

Mr. Khoo Wun Fat William

Ms. Qiu Yun

Registered office:

18th Floor, No. 818, Shixinzhong Road

Beigan Subdistrict

Xiaoshan District, Hangzhou

Zhejiang Province

PRC

Principal place of business

in Hong Kong:

Level 54, Hopewell Centre

183 Queen's Road East

Hong Kong

May 3, 2019

To the Shareholders

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED DECEMBER 31, 2018;**
 - (2) WORK REPORT OF THE SUPERVISORY BOARD FOR THE YEAR ENDED DECEMBER 31, 2018;**
 - (3) AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2018;**
 - (4) ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2018;**
 - (5) PROFIT DISTRIBUTION PLAN FOR 2018;**
 - (6) RE-APPOINTMENT OF AUDITOR FOR 2019;**
 - (7) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION (H SHARES);**
- AND**
- (8) NOTICE OF 2018 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular, of which this letter forms a part, is to give you the AGM Notice and to provide you with information reasonably necessary to enable you to make informed decisions on whether to vote for or against the proposed ordinary resolutions and special resolutions regarding the following matters at the AGM. Such resolutions and details are set out in the following letter from the Board.

At the AGM, ordinary resolutions will be proposed to consider and approve, among others, (1) work report of the Board of Directors for the year ended December 31, 2018; (2) work report of the Supervisory Board for the year ended December 31, 2018; (3) audited consolidated financial statements and the independent auditor's report for the year ended December 31, 2018; (4) annual report for the year ended December 31, 2018; (5) profit distribution plan for 2018; and (6) re-appointment of auditor for 2019.

At the AGM, a special resolution will be proposed to consider and approve the proposed amendments to the Articles of Association (H Shares).

II. MATTERS TO BE RESOLVED AT THE AGM

1. Work Report of the Board of Directors for the year ended December 31, 2018

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for the year ended December 31, 2018, the full text of which has been incorporated into the Annual Report.

2. Work Report of the Supervisory Board for the year ended December 31, 2018

An ordinary resolution will be proposed at the AGM to approve the work report of the Supervisory Board for the year ended December 31, 2018, the full text of which has been incorporated into the Annual Report.

3. Audited Consolidated Financial Statements and the Independent Auditor's Report for the year ended December 31, 2018

An ordinary resolution will be proposed at the AGM to approve the audited consolidated financial statements and the independent auditor's report of the Company for the year ended December 31, 2018, the full text of which has been incorporated into the Annual Report.

4. Annual report for the year ended December 31, 2018

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year ended December 31, 2018. Please refer to the Annual Report of the Company for the details of the remuneration of Directors and Supervisors, the final financial accounts plan for 2018 and other information of governance and results of the Company.

LETTER FROM THE BOARD

5. Profit Distribution Plan for 2018

Pursuant to the Articles of Association (H Shares), an ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company for 2018.

The independent auditor's report issued by PricewaterhouseCoopers confirmed that in the 2018 consolidated financial statements of the Company, the net profit attributable to shareholders of the Company was RMB186,787,000 and the net profit of the parent company was RMB187,786,000. In accordance with the Company Law, Articles of Association (H Shares) and other relevant regulations, in order to meet the capital needs for the company's production and operation and project expansion, and to ensure the company's development and long-term interests of shareholders, the Company proposed to implement the distribution according to the following plans:

- (1) It is proposed to withdraw a statutory surplus reserve of RMB18,779,000 based on 10% of the net profit of the parent company in 2018;
- (2) The profit available for distribution of the parent company at the end of the reporting period after the proposed withdrawal of statutory surplus reserve is RMB169,007,000;
- (3) Based on the total share capital of 280 million Shares as at the equity record date for profit distribution, the Company intends to distribute cash dividends of RMB0.36 (inclusive of tax) to all Shareholders for every one Share and total cash dividends of RMB100.8 million will be distributed.

The final dividend will be declared in Renminbi and paid to holders of H shares of the Company in Hong Kong Dollars. The relevant exchange rate will be calculated based on the average exchange rate of RMB against the HK\$ issued by the People's Bank of China five business days before the AGM; and (i) the final dividend paid to the holders of Domestic Shares will be paid in RMB, and (ii) the final dividend paid to holders of Unlisted Foreign Shares will be declared in RMB and paid in foreign currency (except RMB).

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation rules (the "EIT Law"), non-resident enterprises shall pay enterprise income tax on income derived from China, and the applicable tax rate is 10.0%. To this end, any H Shares registered in the name of non-individual Shareholders, including HKSCC Nominees Limited, other nominees, trustees or other organizations and groups will be treated as being held by non-resident enterprise shareholders (as defined in the EIT Law), and the Company will distribute the final dividend to such non-resident enterprise shareholders after withholding such 10.0% enterprise income tax.

The Company distributes the 2018 final dividend to the individual shareholders of H Shares, which would be subject to the personal income tax at the rate of 10%. It would be specifically handle in line with relevant regulations and tax collection and management requirements, unless the tax regulations, relevant tax agreements or notices requires otherwise.

LETTER FROM THE BOARD

The Company assumes no responsibility and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders or any dispute over the mechanism of withholding. Shareholders are recommended to consult their taxation advisors regarding their holding and disposing of H Shares for the PRC, Hong Kong and other tax effects involved.

At the same time, on the basis of obtaining the approval and authorization of the Annual General Meeting to approve the above-mentioned profit distribution, it is recommended to authorize the Chairman and the person authorized by the Chairman to exercise the powers granted by the above-mentioned Annual General Meeting and specifically handle the matters related to the above-mentioned profit distribution.

Subject to the approval of the Shareholders at the AGM, the proposed final dividend is expected to be paid on Wednesday, July 31, 2019 to the eligible Shareholders whose names appear on the register of members of the Company on Tuesday, July 16, 2019.

In order to determine the entitlement to the proposed final dividend (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Wednesday, July 10, 2019 to Tuesday, July 16, 2019, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, July 9, 2019.

6. Re-appointment of auditor for 2019

An ordinary resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year of 2019 to hold office until the conclusion of the next annual general meeting, and authorize the Board of Directors to determine their remunerations for the year of 2019.

LETTER FROM THE BOARD

7. Proposed Amendments to the Articles of Association (H Shares)

Pursuant to the Company Law and other relevant regulatory requirements, and taking into consideration the actual circumstances of the Company, to promote the business development of the Company and further improve the operating mechanism of the Company, the Company proposes a special resolution at the Annual General Meeting to approve the amendments to the Articles of Association (H shares), details of which are as follows:

No.	Articles	Before Amendment	After Amendment
1.	Article 12	<p>Upon registration according to the law, our Company's business scope is hotel management and consulting services, housing leasing services, franchise business activities, operation by branches include accommodation, bars, chess, swimming pools, KTV rooms, saunas, haircuts, beauty, catering services, food management, conference and exhibition services, retail of daily necessities, foot bath, fitness services, amusement hall (table tennis room, billiard room), photography services, parking services and operation of tobacco products retail business with operating permits. (Items subject to approval according to law may be operated after approval by relevant departments)</p> <p>The above business scope shall be subject to the items approved by the competent industrial and commercial administration department.</p>	<p>Upon registration according to the law, our Company's business scope is hotel management and consulting services, housing leasing services, franchise business activities, <u>hotel design, hotel construction management consulting and services, noncertified vocational skills training for adults⁽¹⁾</u>, operation by branches include accommodation, bars, chess, swimming pools, KTV rooms, saunas, haircuts, beauty, catering services, food management, conference and exhibition services, retail of daily necessities, foot bath, fitness services, amusement hall (table tennis room, billiard room), photography services, parking services and operation of tobacco products retail business with operating permits. (Items subject to approval according to law may be operated after approval by relevant departments)</p> <p>The above business scope shall be subject to the items approved by the competent industrial and commercial administration department.</p>

Note: (1) the amendment of "hotel design, hotel construction management consulting and services, noncertified vocational skills training for adults" shall be subject to the item approved by the competent industrial and commercial administration department.

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
2.	Article 23	<p>The registered capital of our Company is RMB210 million. Prior to the issuance of H Shares, the registered capital of our Company is RMB210 million.</p> <p>After the issuance of the above H Shares, the registered capital of our Company is RMB280,000,000. Our Company will handle the corresponding change registration procedures in the competent industrial and commercial administration department according to the actual issuance, and report to the securities governing authority of the State Council for the record.</p>	<p><u>The registered capital of our Company is RMB280 million.</u></p>
3.	Article 30 Second and Third Paragraphs	<p>Our Company shall notify creditors within 10 days after adoption of the resolution to reduce the registered capital and shall publish at least three announcements in newspapers within 30 days. The creditors shall have the right to require our Company to repay the debts or provide the corresponding guaranty for debt repayment within 30 days after receipt of the notice or within 90 days after the first announcement if the creditors haven't received the notice.</p> <p>After our Company's reduction in capital, our registered capital may not be less than the statutory minimum amount.</p>	<p>Our Company shall notify creditors within 10 days after adoption of the resolution to reduce the registered capital and <u>shall publish an announcement in newspapers</u> within 30 days. The creditors shall have the right to require our Company to repay the debts or provide the corresponding guaranty for debt repayment within 30 days after receipt of the notice or <u>within 45 days after the announcement</u> if the creditors haven't received the notice.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
4.	Article 62 First Paragraph	<p>The following powers shall be exercised at the general meeting:</p> <p>(I) to decide on our Company’s operational objectives and investment plans;</p> <p>(II) to elect and replace the Directors and Supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of Directors and Supervisors;</p> <p>(III) to review and approve the reports of the Board of Directors;</p> <p>(IV) to review and approve the reports of the Supervisory Committee;</p> <p>(V) to review and approve the annual financial budgets and final accounts of our Company;</p> <p>(VI) to review and approve the profit distribution proposals and loss recovery proposals of our Company;</p> <p>(VII) to decide on merger, division, dissolution and liquidation of our Company or change of our corporate form;</p>	<p>The following powers shall be exercised at the general meeting:</p> <p>(I) to decide on our Company’s operational objectives and investment plans;</p> <p>(II) to elect and replace the Directors and Supervisors (not being representative(s) of employees) and to decide on the matters relating to the remuneration of Directors and Supervisors;</p> <p>(III) to review and approve the reports of the Board of Directors;</p> <p>(IV) to review and approve the reports of the Supervisory Committee;</p> <p>(V) to review and approve the annual financial budgets and final accounts of our Company;</p> <p>(VI) to review and approve the profit distribution proposals and loss recovery proposals of our Company;</p> <p><u>(VII) to decide on the increase or decrease of the registered capital of the Company;</u></p> <p>(VIII) to decide on merger, division, dissolution and liquidation of our Company or change of our corporate form;</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
		<p>(VIII) to decide on the issue of corporate bonds or other securities and listing proposals;</p> <p>(IX) to decide on the appointment, reappointment or non-renewal or removal of the auditors of our Company;</p> <p>(X) to amend the Articles of Association;</p> <p>(XI) to review and approve the external guarantees of our Company that require the approval by the general meeting;</p> <p>(XII) to review our Company's substantial assets acquired or disposed of or guarantees (excluding guarantee for our subsidiaries) granted within one year for an amount exceeding 30% of the latest audited total assets of our Company;</p> <p>(XIII) to review and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XIV) to review the equity incentive plan;</p> <p>(XV) to review proposals made by shareholders individually or jointly holding more than 3% of the voting shares of our Company;</p> <p>(XVI) to review other matters which, in accordance with the laws, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or the Articles of Association, should be approved at the general meeting.</p>	<p>(IX) to decide on the issue of corporate bonds or other securities and listing proposals;</p> <p>(X) to decide on the appointment, reappointment or non-renewal or removal of the auditors of our Company;</p> <p>(XI) to amend the Articles of Association;</p> <p>(XII) to review and approve the external guarantees of our Company that require the approval by the general meeting;</p> <p>(XIII) to review our Company's substantial assets acquired or disposed of or guarantees (excluding guarantee for our subsidiaries) granted within one year for an amount exceeding 30% of the latest audited total assets of our Company;</p> <p>(XIV) to review and approve matters relating to the changes in the use of proceeds from share offerings;</p> <p>(XV) to review the equity incentive plan;</p> <p>(XVI) to review proposals made by shareholders individually or jointly holding more than 3% of the voting shares of our Company;</p> <p>(XVII) to review other matters which, in accordance with the laws, administrative regulations, departmental rules, listing rules of the stock exchange where our shares are listed or the Articles of Association, should be approved at the general meeting.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
5.	Article 89 First Paragraph	<p>The chairman of the Board shall preside over and act as the chairman of the general meeting. If the chairman is unable or fails to perform his or her duties, the vice chairman shall preside over and act as the chairman of the meeting (if there are two or more vice chairmen, the vice chairman elected by more than half of the Directors shall preside over the meeting); if there is no vice chairman or the vice chairman cannot or fails to fulfill the duty thereof, more than half of the Directors shall jointly elect a director to preside over and act as the chairman of the meeting. If more than half of the Directors fail to elect a Director to preside over and act as the chairman of the meeting, the attending shareholders may elect a person to preside over the meeting; if for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall act as the chairman of the meeting. The chairman of the Board shall invite the chairmen of the audit committee, nomination committee and remuneration committee to attend the general meeting. If the chairman of relevant committee fails to attend the meeting, the chairman of the Board shall invite another committee member (being an independent non-executive director, or if the said committee member fails to attend the meeting, invite a representative duly authorized by him or her) to attend the meeting.</p>	<p>The chairman of the Board shall preside over and act as the chairman of the general meeting. <u>If the chairman is unable or fails to perform his or her duties, a director shall be elected by more than half of the Directors to preside over and act as the chairman of the meeting.</u> If more than half of the Directors fail to elect a Director to preside over and act as the chairman of the meeting, the attending shareholders may elect a person to preside over the meeting; if for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall act as the chairman of the meeting. The chairman of the Board shall invite the chairmen of the audit committee, nomination committee and remuneration committee to attend the general meeting. If the chairman of relevant committee fails to attend the meeting, the chairman of the Board shall invite another committee member (being an independent non-executive director, or if the said committee member fails to attend the meeting, invite a representative duly authorized by him or her) to attend the meeting.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
6.	Article 125	<p>The Board of Directors shall comprise at least nine Directors, including three independent non-executive directors, at least one of whom shall be a financial or accounting professional as required by the Listing Rules.</p> <p>The Board of Directors may have one chairman, and the general meeting may decide whether and how to set a vice chairman by an ordinary resolution (provisions of the Articles of Association on vice chairman shall only apply when a vice chairman is set, same below).</p> <p>The chairman and vice chairman shall be elected or removed by votes from more than half of all the Directors, shall serve a term of three years, and is eligible for re-election.</p>	<p>The Board of Directors shall comprise <u>nine Directors, with one chairman of the Board, with no vice chairman</u>, and including three independent non-executive directors, at least one of whom shall be a financial or accounting professional as required by the Listing Rules.</p> <p><u>The chairman</u> shall be elected or removed by votes from more than half of all the Directors, shall serve a term of three years, and is eligible for reelection.</p>
7.	Article 129 Second Paragraph	<p>The vice chairman shall assist the chairman in performing his or her duties. If the chairman is unable or fails to perform his or her duties, such duties shall be performed by the vice chairman (if there are two or more vice chairmen, the vice chairman elected by more than half of the Directors shall perform the said duties); if there is no vice chairman or the vice chairman cannot or fails to fulfill the duty thereof, more than half of the Directors shall jointly elect a director to perform the said duties.</p>	<p>If the chairman is unable or fails to perform his or her duties, <u>a Director shall be elected by more than half of the Directors to perform the said duties.</u></p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
8.	Article 217 First Paragraph	The liquidation committee shall inform the creditors within 10 days following its establishment, and shall publish a public notice on the newspapers approved by the stock exchange where our shares are listed at least three times within 60 days. The creditors shall report their rights to the liquidation committee within 30 days of the receipt of the written notification, or in the event that no such notification is received, within 45 days of the date of the announcement.	The liquidation committee shall inform the creditors within 10 days following its establishment, and shall <u>publish a public notice on the newspapers approved by the stock exchange where our shares are listed within 60 days</u> . The creditors shall report their rights to the liquidation committee within 30 days of the receipt of the written notification, or in the event that no such notification is received, within 45 days of the date of the announcement.

The amendments to the Articles of Association (H Shares) are subject to the approval of the Shareholders by way of special resolution at the AGM.

The amendments to the Articles of Association (H Shares) are subject to the filing of the competent industrial and commercial registration authorities, and the content approved and filed by the industrial and commercial registration authorities shall prevail.

The Company believes that the amendments are beneficial for the Company to further improve its governance structure and promote its business development.

LETTER FROM THE BOARD

III. ANNUAL GENERAL MEETING

The AGM Notice is set out on pages 16 to 19 of this circular. Shareholders are advised to read the AGM Notice and to complete and return the form of proxy and the reply slip (which are enclosed in this circular) in accordance with the instructions printed thereon. The appointment of a proxy will not prevent a Shareholder from subsequently attending and voting in person at the AGM if he so wishes. If a Shareholder who has lodged a form of proxy attends the meeting, his form of proxy will be deemed to have been revoked.

If you do not intend to attend the AGM in person, you are urged to complete and return the form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the form(s) of proxy together with power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority, must be deposited, in case of holders of Domestic Shares and holders of Unlisted Foreign Shares, to the Company's registered office address at 18th Floor, No. 818, Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC, and in case of H Shareholders, with the Company's H Share registrar Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 24 hours before the time appointed for holding the Annual General Meeting(s) or its any adjournment(s).

IV. VOTING BY POLL

All resolutions will be put to vote by way of poll at the AGM. An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

V. RECOMMENDATIONS

The Directors believe that all the resolutions proposed for consideration and approval by Shareholders at the AGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of all the resolutions to be proposed at the AGM as set out in the AGM Notice.

By Order of the Board
Zhejiang New Century Hotel Management Co., Ltd.
Mr. Jin Wenjie
Chairman and Executive Director

Hangzhou, the PRC
May 3, 2019

NOTICE OF ANNUAL GENERAL MEETING

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



Zhejiang New Century Hotel Management Co., Ltd.

浙江開元酒店管理股份有限公司

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

(Stock Code: 1158)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that Zhejiang New Century Hotel Management Co., Ltd. (the “**Company**”) will hold an annual general meeting (“**AGM**”) at 2:00 p.m. on Thursday, June 20, 2019 at Minghou Hall, 4th Floor, New Century Grand Hotel Hangzhou, No. 818 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou City, Zhejiang Province, the People’s Republic of China (“**PRC**”), for the purpose of considering and, if thought fit, passing the following resolutions (with or without amendments) of the Company. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as defined in the circular of the Company dated May 3, 2019 (the “**Circular**”).

Ordinary Resolutions

- (1) To consider and approve the work report of the Board of Directors for the year ended December 31, 2018.
- (2) To consider and approve the work report of the Supervisory Committee for the year ended December 31, 2018.
- (3) To consider and approve the audited consolidated financial statements and the independent auditor’s report for the year ended December 31, 2018.
- (4) To consider and approve the annual report for the year ended December 31, 2018.
- (5) To consider and approve the profit distribution plan of the Company for the year ended December 31, 2018, as set out in the Circular.
- (6) To consider and approve the re-appointment of PricewaterhouseCoopers as the auditor of the Company for the year of 2019 and authorization for the Board of Directors to determine their remunerations for the year of 2019.

NOTICE OF ANNUAL GENERAL MEETING

Special Resolution

- (7) To consider and approve the amendments to the Articles of Association (H Shares) of the Company as set out in the Circular.

Matter to be Reported

To listen to the debriefing report of the Independent Non-executive Directors of the Company for the year 2018.

By Order of the Board
Zhejiang New Century Hotel Management Co., Ltd.
Mr. Jin Wenjie
Chairman and Executive Director

Hangzhou, China
May 3, 2019

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), all resolutions at the AGM will be taken by poll. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.kaiyuanhotels.com) in accordance with the requirements of the Listing Rules.
2. Holders of H Shares (“**H Shares**”) and holders of Domestic Shares (“**Domestic Shares**”), holders of Unlisted Foreign Shares (“**Unlisted Foreign Shares**”) in the register of shareholders of the Company on Thursday, June 20, 2019 shall have the right to attend and vote at the AGM. The Company will suspend registration of shareholders and transfer of H Shares from Tuesday, May 21, 2019 to Thursday, June 20, 2019, both days inclusive. To be eligible to attend and vote at the AGM, holders of H Shares failing to complete the registration of share transfer shall submit the share transfer documents accompanied by the relevant share certificates to the Company’s H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong before 4:30 p.m. on Monday, May 20, 2019.
3. Shareholders who intend to attend the AGM in person or by proxy shall complete and sign the reply slip attached to the notice of AGM and submit the reply slip by hand, mail or fax to the Company’s H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (fax number: (852) 2810 8185) (for holders of H Shares) or to the address of the registered office of the Company at 18th Floor, No. 818 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC (for holders of Domestic Shares and Unlisted Foreign Shares) on or before Thursday, May 30, 2019. Completion and submission of the reply slip will not affect shareholders’ right to attend the AGM.
4. A shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, in the event of a poll, vote on his behalf. The proxy appointed is not necessarily a shareholder of the Company. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him/her.

This proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing. Where the Shareholder is a legal person, the proxy form should be executed under its common seal or under the hand of its director or an attorney duly authorised to sign the same. If the proxy form is signed by an authorised person by the Shareholder, the power of attorney or other documents of authorization must be notarised. To be valid, the form of proxy together with power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority, must be deposited, in case of holders of Domestic Shares and holders of Unlisted Foreign Shares, to the Company’s registered office address at 18th Floor, No. 818, Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC, and in case of H Shareholders, with the Company’s H share registrar Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 24 hours before the time appointed for holding the Annual General Meeting(s) or its any adjournment(s).

5. Individual shareholders who attend the meeting in person shall present its identification. Shareholders who attend the meeting by proxy also shall present its identification and power of attorney except the identification of the principal. A legal person shareholder should attend the meeting by its legal representative or the proxy entrusted by the legal representative. Legal representative attending the meeting shall present its identity card and the valid certificate which can prove that he/she has the certification of legal representative. If appointed to attend the meeting, the proxy shall present its identity card and written power of attorney issued by the legal representative of the legal person shareholder unit.

NOTICE OF ANNUAL GENERAL MEETING

6. In order to determine the entitlement to the proposed final dividend (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from Wednesday, July 10, 2019 to Tuesday, July 16, 2019, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, July 9, 2019.

7. Others

The AGM is expected to conclude in a day. All attending shareholders shall arrange the transport and accommodation on their own and bear relevant expenses for attendance.

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