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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)

VOLUNTARY ANNOUNCEMENT THE ESTABLISHMENT OF JOINT VENTURE COMPANYS

This announcement is made voluntarily by Zhejiang New Century Hotel Management Co., Ltd. (the "**Company**") to inform the shareholders of the Company and potential investors of the latest news of business development of the Company.

Establishment of Zhejiang Zheqin New Century Hotel Management Co., Ltd.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that, the Company has established a hotel management company with Zhejiang Zheqin Xixi Hotel Co., Ltd. (the "**Zheqin Xixi**"), a wholly owned subsidiary of Zhejiang Zheqin Group Co., Ltd. (the "**Zheqin Group**"), Zhejiang Zheqin New Century Hotel Management Co., Ltd. ("**Zheqin New Century**"). The Company contributed RMB 24.5 million (which will be funded by internal resources), holding 49% equity interest and Zheqin Xixi contributed RMB 25.5 million, holding 51% equity interest in Zheqin New Century. Its business scope includes mainly of hotel management and house leasing services.

Zheqin Group is a large-scale state-owned enterprise established by Zhejiang provincial government. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Zheqin Group and its ultimate owners are independent third parties not connected with the Company or any of its connected persons.

Reasons for and benefits of the establishment of the joint venture company

The establishment of hotel management joint venture will actively promote the cooperation between the Company and Zheqin Group. Zheqin New Century will invest to transform and manage the existing hotel assets of Zheqin Group, and jointly expand other incremental hotel assets. All parties will be committed to cultivating, creating and launching the Zheqin New Century hotel brand, which will promote the Company's hotel business development.

Establishment of Hangzhou Kaiba Kaiba Commercial Management Co., Ltd.

The Board of Directors is pleased to announce that, the Company has established Hangzhou Kaiba Kaiba Commercial Management Co., Ltd. ("**Kaiba Kaiba**"), being a joint venture management company with Hangzhou Yuanzhen Cultural Creativity Co., Ltd. (the "**Yuanzhen Culture**"), and Shanghai Yuanka Shiye Co.,Ltd. ("**Shanghai Yuanka**"). The Company contributed RMB 2.55 million (which will be funded by internal resources), holding 51% equity interest in Kaiba Kaiba, Yuanzhen Culture and

Shanghai Yuanka contributed RMB 1.7 million and RMB 0.75 million respectively, correspondingly holding 34% and 15% equity interest. The major scope of services for Kaiba Kaiba is engaging in the "New Century Shengshi" commercial space and other non-residential hotel value-added extension business.

Yuanzhen Culture is a joint stock company of Hangzhou Bajiuling Cultural Creativity Co., Ltd.. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Yuanzhen Culture Group and its ultimate owners are independent third parties not connected with the Company or any of its connected persons. Shanghai Yuanka is a connected person of the Company as its director will also serve as the director of Kaiba Kaiba upon completion. However as Kaiba Kaiba is an insignificant subsidiary of the Company, Shanghai Yuanka is not regarded as connected persons of the Company in pursuant to Rule 14A.09 of the Listing Rules.

Kaiba Kaiba will become subsidiary of the Company and its financial results will be consolidated into the account of the Company.

Reasons for and benefits of the establishment of the joint venture company

The joint venture for establishment of Kaiba Kaiba, taking the public space of the Company's hotels as a carrier, will promote all parties to create a first-class market space brand - "New Century Shengshi", operate and promote this independent IP, and expand to other hotel value-added extension business from the new retail business at the right time.

As the highest applicable percentage ratio in relation to these transactions is less than 5%, the relevant transactions will not constitute a notifiable transaction under Chapter 14 of the Listing Rules. This announcement is made by the Company on a voluntary basis.

Shareholders and potential investors of the Company are advised to exercise cautions when dealing in the securities of the Company.

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

Hangzhou, China
30 December 2019

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