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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**

### **BUSINESS UPDATE IN RELATION TO THE RECENT OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)**

This announcement is made by Zhejiang New Century Hotel Management Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis, for the purpose of keeping the shareholders (the “**Shareholders**”) and potential investors of the Company informed of the latest business development of the Group. Reference is made to the prospectus of the Company dated 26 February 2019 in relation to, among other things, the Master Hotel Lease and Management Agreement and the voluntary announcement of the Company dated 14 February 2020 in relation to the influence of the novel coronavirus pneumonia on the business of the Group.

The Board has notified the Lessor that since the outbreak of the novel coronavirus pneumonia epidemic (the “**Epidemic**”), the provinces and municipalities in the PRC in which the Initial Hotel Properties are situated have activated level I (the highest-level response to major public health emergencies) and adopted various strict measures to curb the spread of the Epidemic. As part of the efforts to facilitate the prevention and containment of the Epidemic and ensure the health and safety of hotel customers and employees (the “**Containment Efforts**”), the Group has substantively suspended operations (as interpreted under the Master Hotel Lease and Management Agreement) of the Initial Hotel Properties since 25 January 2020. As a result of the Epidemic and the substantive suspension of operations of the Initial Hotel Properties, the force majeure clauses under the Master Hotel Lease and Management Agreement and the individual underlying hotel lease and management agreements have been triggered, and accordingly the annual base rent for the Initial Hotel Properties will be adjusted proportionately for the duration of the period of suspension.

On 2 March 2020, all the provinces and municipalities in the PRC in which the Initial Hotel Properties are situated have lowered the response level to level II. Consequently, operations at the Initial Hotel Properties have resumed on 3 March 2020. Operations at the Initial Hotel Properties were suspended for 38 days (the “**Suspension Period**”), which resulted in a downward adjustment of the base rent for the Initial Hotel Properties for the year ending 31 December 2020 by RMB20.77 million in aggregate from RMB200.00 million to RMB179.23 million.

In addition, given that operations at the Initial Hotel Properties were substantively suspended during the Suspension Period, the Group also did not pay the Lessor any variable Individual Rents (which is calculated as 20% of the relevant Initial Hotel Property's total monthly operating revenue plus 34% of the relevant Initial Hotel Property's gross operating profit for the relevant month (or in the event of a gross operating loss, deduction of 34% of the relevant Initial Hotel Property's gross operating loss for the relevant month), which shall in any event not fall below zero) for the corresponding period.

The Board will continue to closely monitor the development of the Epidemic and assess its impact on the Group's operations and financial performance, and will make further announcement(s) as and when appropriate or if there is any further material update as to the impact of the Epidemic on the Group.

**The information contained in this announcement is only based on the assessment made by the Board with reference to information currently available. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

“Board”	means the board of Directors of the Company
“Directors”	means the directors of the Company, and each a “Director”
“Individual Rents”	means the rent payable under an underlying individual hotel lease and management agreement with respect to the Initial Hotel Properties
“Initial Hotel Properties”	means New Century Grand Hotel Hangzhou* (杭州開元名都大酒店), New Century Hotel Xiaoshan Zhejiang* (浙江開元蕭山賓館), New Century Resort Qiandao Lake Hangzhou* (杭州千島湖開元度假村), New Century Grand Hotel Ningbo* (寧波開元名都大酒店) and New Century Grand Hotel Changchun* (長春開元名都大酒店)
“Lessor” or “New Century REIT”	means New Century Real Estate Investment Trust, being the lessor of the Initial Hotel Properties
“Master Hotel Lease and Management Agreement”	means a framework agreement dated 14 June 2013, setting out general guidelines and principles for the individual underlying hotel lease and management agreements in relation to the Initial Hotel Properties
“New Century REIT Group”	means New Century REIT and other companies or entities held or controlled by New Century REIT

“PRC”

means the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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

Hangzhou, the PRC

13 March 2020

*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.*