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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)

ANNOUNCEMENT

**TERMINATION OF PROPOSED CAPITAL RESERVE CAPITALISATION
AND
CANCELLATION OF CLASS MEETINGS**

Reference is made to the annual results announcement for the year ended 31 December 2019 of Zhejiang New Century Hotel Management Co., Ltd. (the “**Company**”) dated 20 March 2020 (the “**Announcement**”), the notice of annual general meeting of the Company dated 31 March 2020, the notice of the 1st H shareholders’ class meeting of the Company for 2020 dated 31 March 2020, the notice of the 1st class meeting of holders of domestic shares and unlisted foreign shares of the Company for 2020 dated 31 March 2020 and the Company’s annual report 2019 published on 16 April 2020. Unless otherwise specified in this announcement, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

In the Announcement, it was disclosed that, among others, the Board proposed to capitalise the share premium in the capital reserve by issuing shares to all shareholders of the Company at the proportion of one share for every existing share held by each eligible shareholder whose name appear on the register of members of the Company on Thursday, 16 July 2020, subject to certain conditions as set out in the Announcement (the “**Proposed Capital Reserve Capitalisation**”).

As the Proposed Capital Reserve Capitalisation may create a significant amount of odd lots of the shares of the Company after taking into account of new considerations in relation to the change of board lot size to be proposed in connection with the Proposed Capital Reserve Capitalisation, having considered the potential difficulties in the trading of shares by the shareholders of the Company that may arise therefrom, the Company has decided not to proceed with the Proposed Capital Reserve Capitalisation.

No resolution in relation to the Proposed Capital Reserve Capitalisation will therefore be proposed at the forthcoming AGM and the circular to be despatched to the shareholders of the Company in connection with the forthcoming AGM shall not contain details regarding the Proposed Capital Reserve Capitalisation.

The 1st H shareholders' class meeting of the Company for 2020 and the 1st class meeting of holders of domestic shares and unlisted foreign shares of the Company for 2020 which were originally scheduled to be held on Wednesday, 20 May 2020 for the consideration and approval of the Proposed Capital Reserve Capitalisation will be cancelled.

Shareholders and potential investors of the Company are advised to exercise caution 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, the PRC
20 April 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.