
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 31 DECEMBER, 2019;**
- (2) WORK REPORT OF THE SUPERVISORY BOARD
FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (3) THE INDEPENDENT AUDITOR'S REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (4) ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (5) FINAL ACCOUNTS FOR 2019;**
- (6) FINANCIAL BUDGET FOR 2020;**
- (7) PROFIT DISTRIBUTION PLAN FOR 2019;**
- (8) RE-APPOINTMENT OF AUDITOR FOR 2020;**
- (9) ELECTION OF DIRECTORS;**
- (10) ELECTION OF SUPERVISORS;**
- (11) REMUNERATION OF DIRECTORS AND SUPERVISORS FOR 2019;**
- (12) CHANGE OF USE OF PROCEEDS;**
- (13) AMENDMENTS TO THE ARTICLES OF ASSOCIATION (H SHARES)
AND RULES OF PROCEDURE FOR GENERAL MEETINGS; AND**
- (14) REVISED NOTICE OF 2019 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 Wednesday, 20 May, 2020 is set out on pages 30 to 33 of this circular.

If you do not intend to attend the annual general meeting in person, you are urged to complete and return the revised form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the revised 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 24 hours before the time appointed for holding the annual general meeting or its any adjournment(s). Completion and return of this revised 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 revised form of proxy, the form of proxy will be deemed to have been revoked.

21 April, 2020

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DEFINITIONS

“Annual General Meeting” or “AGM”	the 2019 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 Wednesday, 20 May, 2020
“Annual Report”	the 2019 annual report published by the Company on 16 April, 2020 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)
“Latest Practicable Date”	14 April, 2020, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication

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
“Revised AGM Notice”	the revised AGM notice published by the Company on 20 April, 2020 on the websites of the Company (www.kaiyuanhotels.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk)
“RMB” or “Renminbi”	the lawful currency of the PRC
“Share(s)”	the ordinary share(s) 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)”	the ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each that 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 (*President*)

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

21 April, 2020

To the Shareholders

- (1) WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (2) WORK REPORT OF THE SUPERVISORY BOARD FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (3) THE INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2019;**
- (4) ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER, 2019;**
 - (5) FINAL ACCOUNTS FOR 2019;**
 - (6) FINANCIAL BUDGET FOR 2020;**
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 - (8) RE-APPOINTMENT OF AUDITOR FOR 2020;**
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- (11) REMUNERATION OF DIRECTORS AND SUPERVISORS FOR 2019;**
 - (12) CHANGE OF USE OF PROCEEDS;**
- (13) AMENDMENTS TO THE ARTICLES OF ASSOCIATION (H SHARES) AND RULES OF PROCEDURE FOR GENERAL MEETINGS; AND**
- (14) REVISED NOTICE OF 2019 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 Revised 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) the work report of the Board of Directors for the year ended 31 December, 2019; (2) the work report of the Supervisory Board for the year ended 31 December, 2019; (3) the independent auditor's report and consolidated financial statements for the year ended 31 December, 2019; (4) the annual report for the year ended 31 December, 2019; (5) the final accounts for 2019; (6) financial budget for 2020; (7) the profit distribution plan for 2019; (8) re-appointment of auditor for 2020; (9) election of Directors; (10) election of Supervisors; (11) remuneration of Directors and Supervisors for 2019; (12) change of use of proceeds; and (13) amendments to the rules of procedure for general meetings.

At the AGM, special resolutions will be proposed to consider and approve 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 31 December, 2019

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for the year ended 31 December, 2019, the full text of which has been incorporated into the Annual Report.

2. Work report of the Supervisory Board for the year ended 31 December, 2019

An ordinary resolution will be proposed at the AGM to approve the work report of the Supervisory Board for the year ended 31 December, 2019, the full text of which has been incorporated into the Annual Report.

3. The independent auditor's report and consolidated financial statements for the year ended 31 December, 2019

An ordinary resolution will be proposed at the AGM to approve the independent auditor's report and consolidated financial statements of the Company for the year ended 31 December, 2019, the full text of which has been incorporated into the Annual Report.

4. Annual report for the year ended 31 December, 2019

An ordinary resolution will be proposed at the AGM to approve the annual report of the Company for the year ended 31 December, 2019, the full text of which has been incorporated into the Annual Report.

LETTER FROM THE BOARD

5. Final accounts for 2019

An ordinary resolution will be proposed at the AGM to approve the final accounts for the year ended 31 December, 2019. Please refer to the 2019 annual report of the Company.

6. Financial budget for 2020

The financial budget for 2020 has been considered and approved by the Board on 31 December, 2019 and is hereby proposed at the AGM for consideration and approval of the annual general meeting, the specific details of which are as follows:

After comprehensively considering the economic situation, financial environment, development trend of the industry over the past three years and the Company's three-year business objectives, the financial budget for 2020 was formulated mainly as follows:

- I. the total budget of operating cost (deducting taxes, surcharges and non-operating expenses) of the Company in 2020 is approximately RMB 2,238 million.
- II. in view of the strategic and business development, the budget amount of the Company's additional capital expenditure in 2020 is approximately RMB103 million (excluding the capital expenses of investment and mergers and overall asset acquisitions).

The above budget amounts are only used as projections of the Company based on the business plan, the actual expenditure shall be recorded based on the actual prices and market conditions when the transactions occur.

7. Profit distribution plan for 2019

Based on circumstances of the Company and with due regard to reasonable investment return to investors, the Company proposes the profit distribution plan for 2019 in order to share its business growth with all Shareholders, detailed as follows:

The auditor's report issued by PricewaterhouseCoopers confirmed that in the 2019 consolidated financial statements of the Company, the net profit attributable to shareholders of the Company was RMB202.41 million and the net profit of the parent company was RMB207.01 million. 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 RMB20.70 million based on 10% of the net profit of the parent company in 2019;
- (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 RMB206.67 million;

LETTER FROM THE BOARD

- (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 RMB0.40 (inclusive of tax) (the “**Cash Dividend**”) to all Shareholders for every one Share and total cash dividends of RMB112 million will be distributed.

The Cash 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 Cash Dividend paid to the holders of Domestic Shares will be paid in RMB, and (ii) the Cash 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 Cash Dividend to such non-resident enterprise shareholders after withholding such 10.0% enterprise income tax.

The Company distributes the Cash 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.

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 authorisation of the Annual General Meeting to approve the above-mentioned profit distribution, it is recommended to authorise the Chairman and the person authorised 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 on the profit distribution plan for 2019 and the amendments of Articles of Association (H Shares), the proposed Cash Dividend is expected to be paid on Friday, 31 July, 2020 to the eligible Shareholders whose names appear on the register of members of the Company on Thursday, 16 July, 2020. In order to determine the entitlement to the proposed Cash Dividend (subject to approval by the shareholders of the Company at the AGM), the register of members of the Company will be closed from on Friday, 10 July, 2020 to on Thursday, 16 July, 2020, both days inclusive, during which period no transfer of shares in the Company will be registered. In order to be eligible for the proposed Cash dividend, all transfer documents for the H Shares

LETTER FROM THE BOARD

accompanied by the relevant H Shares share certificates must be lodged with the Company's H Share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 July, 2020. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

8. Re-appointment of auditor for 2020

An ordinary resolution will be proposed at the AGM to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year 2020 to hold office until the conclusion of the next annual general meeting, and authorise the Board of Directors to determine their remunerations for the year 2020.

9. Election of Directors

The term of office of the first session of the Board will expire on 25 June, 2020. In order to ensure a good governance structure of the Company, upon approval by the Nomination Committee of the Board, ordinary resolutions will be proposed at the AGM to re-elect and elect the following candidates as Directors of the second session of the Board in accordance with the Company Law, Articles of Association (H Shares) and other relevant laws and regulations:

- I. Executive Directors: Mr. Jin Wenjie and Mr. Chen Miaoqiang
- II. Non-executive Directors: Mr. Chen Canrong, Mr. Jiang Tianyi, Mr. Zhou Rong and Mr. Xie Bingwu
- III. Independent non-executive Directors: Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun

The above-mentioned nine Directors together shall compose the second session of the Board of Directors, with a term of office of three years effective from the date of consideration and approval at the AGM of the proposed resolutions regarding the election of the new session of the Board of Directors and the formation of the second session of the Board of Directors (i.e. 20 May, 2020), and will end upon the expiration of the three years tenure of the second session of the Board. In particular, the Directors of the first session of the Board, Mr. Chen Miaolin and Mr. Zhang Chi, shall no longer serve as Directors upon the formation of the second session of the Board due to the expiration of their terms of office. None of them has any disagreement with the Board of Directors and there is no other matter relating to their resignation that needs to be brought to the attention of the Shareholders or creditors of the Company or the Hong Kong Stock Exchange.

Please refer to Appendix to this circular for the biographies of candidates for members of the second session of the Board of Directors.

Each of Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun has confirmed that he/she meets the independence criteria set out in Rule 3.13 of the Listing Rules.

LETTER FROM THE BOARD

The Nomination Committee and the Board of Directors have followed the selection procedures for directors and the Board Diversity Policy to propose the re-election of Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun as independent non-executive directors of the Company, which will be subject to shareholders' consideration and approval at the AGM. The Nomination Committee has assessed and reviewed the annual confirmation of independence provided by Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun pursuant to the factors for assessing independence as set out in Rule 3.13 of the Listing Rules and is satisfied that they remain independent.

In addition, the Nomination Committee has evaluated their performance and considers that all of them have provided valuable contributions to the Company and have demonstrated their abilities to provide independent, balanced and objective view to the Company's affairs. Each of Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun would bring to the Board their own perspective, skills and experience.

By taking into account the backgrounds, skills, knowledge and experience of Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun in accordance with the business model and actual requirements of the Company having regard to the criteria as set out in the Company's Board Diversity Policy (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and years of service), with due regard for the benefits of board diversity and the candidates' merits and potential contributions to the Board, the Nomination Committee believes that Mr. Zhang Rungang, Mr. Khoo Wun Fat William and Ms. Qiu Yun can rely on their educational background and professional experience in the field of expertise to contribute to the board diversity.

Save as disclosed in Appendix to this circular, each of the candidates for members of the second session of the Board of Directors has confirmed that (i) he/she has not hold any other directorship in other listed companies nor any other position of the Company or any of its subsidiaries for the past three years; (ii) he/she does not have any other relationship with any Directors, Supervisors, senior management, controlling Shareholders or substantial Shareholders of the Company; and (iii) he/she does not have any interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed in this circular, there is no other information required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters relating to the proposed re-election and election of the above Directors which need to be brought to the attention of the Shareholders.

Upon the approval of the appointments of the candidates for members of the second session of the Board at the AGM, the Company will enter into separate service contracts with them. The remuneration of each of the Directors of the second session of the Board will be determined by the Board with reference to their respective experience, duties and responsibilities, and the prevailing market conditions, for undertaking their role as Directors, and in accordance with the applicable laws, regulations and regulatory provisions as well as relevant remuneration policies of the Company, and approved by the general meeting of the Company.

LETTER FROM THE BOARD

The above proposals were considered and approved by the Board on Friday, 20 March, 2020, and are to be proposed at the AGM for Shareholders' consideration and approval.

10. Election of Supervisors

The term of office of the first session of the Supervisory Board of the Company will expire on 25 June, 2020. In order to ensure a sound governance structure of the Company, pursuant to the provisions of the Company Law and other relevant laws and regulations and the Articles of Association (H Shares), the Supervisory Board nominates Ms. Zha Xianghong and Mr. Guo Mingchuan as candidates for shareholder representative Supervisors of the second session of the Supervisory Board.

The above-mentioned two shareholder representative Supervisors together with Ms. Liu Hong, the employee representative Supervisor elected at the employees' representative meeting of the Company, shall compose the second session of the Supervisory Board of the Company, with the term of office of three years effective from the date of consideration and approval at the AGM of the proposed resolutions regarding the election of new session of the Supervisory Board and the formation of the second session of the Supervisory Board (i.e. 20 May, 2020), and will end upon the expiry of the term of the second session of the Supervisory Board for three years.

Please refer to Appendix to this circular for the biographies of candidates for shareholders representative Supervisors of the second session of the Supervisory Board.

Save as disclosed in Appendix to this circular, each of candidates for the second session of the Supervisory Board Committee has confirmed that (i) he/she has not hold any other directorship in other listed companies nor any other position of the Company or any of its subsidiaries for the past three years; (ii) he/she does not have any other relationship with any Directors, Supervisors, senior management, controlling Shareholders or substantial Shareholders of the Company; and (iii) he/she does not have any interests in the Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed in this circular, there is no other information required to be disclosed pursuant to the requirements set out in Rules 13.51(2)(h) to (v) of the Listing Rules, nor are there any other matters which need to be brought to the attention of the Shareholders.

Upon the approval of the appointments of the candidates for Supervisors of the second session of the Supervisory Board at the AGM, the Company will enter into separate service contracts with them. The remuneration of each of the Supervisors of the second session of the Supervisory Board will be determined by the Supervisory Board with reference to their respective experience, duties and responsibilities, and the prevailing market conditions, for undertaking their role as Supervisors, and in accordance with the applicable laws, regulations and regulatory provisions as well as relevant remuneration policies of the Company, and approved by the general meeting of the Company.

LETTER FROM THE BOARD

The above proposals were considered and approved by the Supervisory Board on Friday, 20 March, 2020, and are to be proposed at the AGM for Shareholders' consideration and approval.

11. Remuneration of Directors and Supervisors for 2019

An ordinary resolution will be proposed at the AGM to approve the remuneration of Directors and Supervisors for the year ended 31 December, 2019. The remuneration of Directors and Supervisors for 2019 has been incorporated into the Annual Report.

12. Change of use of proceeds

As disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus of the Company dated 26 February, 2019, the Company intended to use the net proceeds raised from the Listing as follows:

- (i) approximately 25.0% will be used for the development of our upscale business and resort hotels;
- (ii) approximately 35.0% will be used for the development of our mid-scale hotels;
- (iii) approximately 10.0% will be used for brand building and promotion including but not limited to, engaging in marketing and promotional activities, sponsorship of industry events and advertising;
- (iv) approximately 5.0% will be used for recruitment of more talent and strengthening our implementation of training to our staff and recruitment programs for supporting our business expansion;
- (v) approximately 15.0% will be used for development of our information technology system by upgrading existing operational and IT system infrastructure;
- (vi) approximately 10.0% will be used for our general corporate purposes and working capital.

LETTER FROM THE BOARD

The following table shows the intended use of the net proceeds as disclosed in the Prospectus, and the respective utilised amounts as at the Latest Practicable Date:

Use of proceeds	Amount of net proceeds earmarked		Utilised amount of Net Proceeds up to the Latest Practicable Date	Unutilized amount of Net Proceeds as at the Latest Practicable Date	Unutilized proportion
	(HKD million)	(RMB million)*	(HKD million)	(HKD million)	
Development of our upscale business and resort hotels	280.0	239.7	13.1	266.9	95.3%
Development of our mid-scale hotels	392.0	335.6	11.6	380.4	97.0%
Brand building and promotion including but not limited to, engaging in marketing and promotional activities, sponsorship of industry events and advertising	112.0	95.9	0.0	112.0	100.0%
Recruitment of more talent and strengthening our implementation of training to our staff and recruitment programs for supporting our business expansion	56.0	47.9	1.4	54.6	97.6%
Development of our information technology system by upgrading existing operational and IT system infrastructure	168.0	143.8	1.7	166.3	99.0%
General corporate purposes and working capital	112.0	95.9	108.3	3.7	3.3%
Total	1,120.0	958.9	136.1	983.9	

* The amounts stated in RMB in this column are converted into Hong Kong dollars at a rate of RMB1 to HK\$1.1681. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

As at the Latest Practicable Date, the unutilised net proceeds of the Company amounted to approximately HK\$983.9 million (the “Unutilised Net Proceeds”). Taking into account of the on-going impact of the novel coronavirus pneumonia (the “Epidemic”) on the hotel industry due to the decrease in demand from business travellers or tourists and the uncertainty in the recovery of the domestic business and tourism consumer market, the board of the Company considers that it would not be commercially sensible to utilize the proceeds to invest in the development of our hotels which are in seriously affected areas at this stage, and also considering that the Epidemic has adversely affected the business operation and financial performance of the Group as disclosed in the voluntary announcement of the Company dated 16 February, 2020, in order to utilise the proceeds more effectively and meet the financial needs of our Group, the Board resolved to reallocate portion of the Unutilized Net Proceeds to “general corporate purposes and working capital” and to a new business initiate for “strategical development of the Group’s business through business acquisition and business collaboration”. Details of the reallocation, with notes setting out the rationale behind the change in allocation term each use of proceeds, are as follows:

Use of proceeds	Original approximate percentage of Net Proceeds as stated in the Prospectus	Utilised amount of Net Proceeds up to the Latest Practicable Date (HKD million)	Unutilised amount of Net Proceeds as at the Latest Practicable Date (HKD million)	Revised allocation of Unutilised Net Proceeds (HKD million)	Notes
Development of our upscale business and resort hotels	25%	13.1	266.9	158.4	(1)
Development of our mid-scale hotels	35%	11.6	380.4	100.0	(2)
Brand building and promotion including but not limited to, engaging in marketing and promotional activities, sponsorship of industry events and advertising	10%	0.0	112.0	0.0	(3)
Recruitment of more talent and strengthening our implementation of training to our staff and recruitment programs for supporting our business expansion	5%	1.4	54.6	54.6	
Development of our information technology system by upgrading existing operational and IT system infrastructure	15%	1.7	166.3	66.3	(4)
General corporate purposes and working capital	10%	108.3	3.7	305.7	
Strategical development of the Group’s business through business acquisition and business collaboration	–	–	–	298.9	
Total	100%	136.1	983.9	983.9	

LETTER FROM THE BOARD

Notes:

- (1) The board believes that due to the impact of the Epidemic on market conditions, the lease opportunities for new properties of upscale business and resort hotels have been reduced and the term of lease has been increased, which resulted in an increase in our development costs. Therefore, other than maintaining the use of HK\$158.4 million of the Unutilized Net Proceeds to acquire the former Hilton Hangzhou Xiaoshan (杭州蕭山中贏希爾頓酒店) owned by the hotel branch of Hangzhou Mogen Real Estate Co., Ltd. (杭州摩根置業有限公司), the Board resolved to allocate HK\$108.5 million of the Unutilized Net Proceeds to “strategical development of the Group’s business through business acquisition and business collaboration”.
- (2) The board believes that due to the impact of the Epidemic on market conditions, the lease opportunities for new properties of mid-scale hotels have been reduced, and therefore the Board resolved to allocate HK\$190.4 million of the Unutilised Net Proceeds to “strategical development of the Group’s business through business acquisition and business collaboration” and HK\$90.0 million to “general corporate purposes and working capital”.
- (3) In view of the challenging market conditions mentioned above, the board resolved to re-allocate HK\$112.0 million of the Unutilised Net Proceeds from brand building and promotion fees to “general corporate purposes and working capital”.
- (4) In view of the challenging included market conditions mentioned above and benefiting from the fact that the Group will adopt a cooperative approach and self-development strategy to reduce the cost of developing and upgrading existing operational and IT system infrastructure, the Board resolved to allocate HK\$100.0 million of the Unutilised Net Proceeds to “general corporate purposes and working capital” in order to supplement working capital.

The Board resolved to allocate HK\$305.7 million of the Unutilised Net Proceeds to “general corporate purposes and working capital” for the daily business operations such as lease payments, payment for goods and taxes in order to supplement the cash flow of the Group’s hotels that are being affected by the Epidemic.

The Board believes that, in the mid to long run of the hotel industry, the Company can obtain greater market opportunities from Southeast China, North China and other regions. In addition to development of our upscale business and resort hotels and mid-scale hotels, it is important that the Company seizes the investment opportunities in a timely manner, such as acquiring light asset business which can facilitate our expansion of customer base, expanding our services to the market, enhancing our competitiveness, entering into lease agreements and purchasing furnishings, or cooperating with management companies with rich hotel resources and operating and managing their hotel assets, which can effectively expand the strategic layout of the Group and accelerate the Group’s business development. The Board therefore resolved to allocate HK\$298.9 million of the Unutilised Net Proceeds to business abovementioned potential acquisitions and business cooperation to strategically expand our hotel business in the long run, whereby the Board considers that the acquisition target or business partner should achieve synergy with our business. The Board will strictly identify the targets and analysis thus background and management team to ensure such acquisition and cooperation are beneficent to the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

The board believes that the aforesaid change in the use of the net proceeds is conducive to the sustainable development of our business and that the Group can use its financial resources more effectively to improve the profitability of the Group. The Board also considers that the changes in the use of the net proceeds will not have any material adverse effect on the existing business and operations of the Group, and are in the interests of the Company and its shareholders as a whole.

The aforesaid change in use of proceeds is subject to the approval of the shareholders of the Company by way of an ordinary resolution at annual general meeting of the Company.

The Board will continuously assess the plans for the use of the net proceeds, and may revise or amend such plans where necessary, to cope with the changing market conditions and strive for better business performance for the Group. The Board confirms that, save as disclosed in this circular, there are no other changes to the use of net proceeds.

13. Amendments to the Articles of Association (H Shares) and rules of procedure for general meetings;

In view of the changes in regulatory requirements and economic environment and the circumstances of the Company, a special resolution will be proposed at the AGM to approve the amendments to the Articles of Association (H Shares) pursuant to the Reply of the State Council on Adjustment of Provisions on Notice Period for Convening General Meetings of Shareholders and Other Matters Applicable to Companies Listed Abroad (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》) issued on 17 October, 2019.

LETTER FROM THE BOARD

Details are as follows:

- (1) Articles of the Articles of Association (H Shares) to be amended

No.	Articles	Before Amendment	After Amendment
1.	Article 1	<p>In order to safeguard the legitimate rights and interests of Zhejiang New Century Hotel Management Co., Ltd. (“our Company”) and our shareholders and creditors, and to regulate the organization and activities of our Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant regulations.</p>	<p>In order to safeguard the legitimate rights and interests of Zhejiang New Century Hotel Management Co., Ltd. (“our Company”) and our shareholders and creditors, and to regulate the organization and activities of our Company, these Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), <u>the Reply of the State Council on Adjustment of Provisions on Notice Period for Convening General Meetings of Shareholders and Other Matters Applicable to Companies Listed Abroad,</u> the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter Regarding Opinion on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and other relevant regulations.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
2.	Articles 46(V) and (VI)	/	<p><u>Upon approval of the securities regulatory authorities of the State Council and overseas stock exchanges (if required), Domestic Shares and unlisted foreign shares of our Company may be transferred in whole or in part to overseas investors and be listed for trading on overseas stock exchanges; and be converted into overseas listed foreign shares and be listed for trading on overseas stock exchanges. The shares so transferred or converted and listed for trading on overseas stock exchanges shall meet the regulatory provisions, rules and requirements of the overseas stock exchanges.</u></p> <p><u>Such transfer of shares to be listed for trading on overseas stock exchanges and such conversion from Domestic Shares or unlisted foreign shares to overseas listed foreign shares to be listed for trading on overseas stock exchanges are not subject to approval at a general meeting or class meeting of shareholders. Domestic Shares and unlisted foreign shares that have been converted into overseas listed foreign shares shall be of the same class as overseas listed foreign shares as issued.</u></p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
3.	Article 47	No registration of change of the share register as a result of share transfer shall be made within 30 days before the general meeting is convened or within five days prior to the record date on which our Company decides to pay dividends. If registration of change in the share register is otherwise prescribed by the securities governing authority of the region where our shares are listed, such provision shall be observed.	<u>Requirements on the closure of register of members before general meetings or record dates for determining the entitlement to dividends prescribed by laws, administrative regulations or stock exchanges or securities governing authorities of the regions where shares of our Company are listed shall be observed.</u>
4.	Article 73	A written notice of the general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his or her written reply regarding his or her attendance at the meeting to our Company 20 days before the date of the meeting. The duration of issue of the notice is exclusive of the day on which the meeting is convened.	A written notice of the <u>annual</u> general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register <u>20 business</u> days before the meeting. <u>A written notice of an extraordinary general meeting stating matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register 10 business days or 15 days (whichever is longer) before the meeting. These shall be subject to requirements of laws, regulations and stock exchanges where the shares of our Company are listed.</u> The duration of issue of the notice is exclusive of the day on which the meeting is convened.

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
5.	Article 74	<p>Our Company shall, based on the written replies received from shareholders 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares held by shareholders intending to attend the meeting amounts to more than 1/2 of the total voting shares of our Company, our Company may convene a general meeting; if not, our Company shall within five days notify shareholders again by announcement of the matters to be considered at the meeting and the date and venue of the meeting, and the general meeting may be held by our Company thereafter. At such extraordinary general meeting, issues which are not listed on the notice shall not be decided on.</p>	<p>At an extraordinary general meeting, issues which are not listed on the notice shall not be decided on.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
6.	Article 77	<p>The notice of general meeting shall be sent in person or by postage-paid mail to the shareholders (regardless of whether such shareholders have the right to vote at the general meeting). Each recipient's address shall be according to the address indicated on the share register or subject to applicable laws, regulations and listing rules, be posted at our website or a site specified by the stock exchange where our shares are listed. For holders of Domestic Shares and holders of non-listed foreign shares, the notice of general meeting may be given in the form of an announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of Domestic Shares and non-listed foreign shares shall be deemed to have received the notice of our general meeting.</p>	<p>The notice of general meeting shall be sent in person or by postage-paid mail to the shareholders (regardless of whether such shareholders have the right to vote at the general meeting) at the address indicated on the share register or, subject to applicable laws, regulations and listing rules, be posted at our website or a site specified by the stock exchange where our shares are listed. For holders of Domestic Shares and holders of non-listed foreign shares, the notice of general meeting may be given in the form of an announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period prescribed in Article 73 hereunder. Once the announcement is made, all holders of Domestic Shares and non-listed foreign shares shall be deemed to have received the notice of our general meeting.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
7.	Article 109(III)	/	<u>Any transfer of Domestic Shares or unlisted foreign shares of our Company in whole or in part to overseas investors where the shares are to be listed for trading on overseas stock exchanges and any conversion from Domestic Shares or unlisted foreign shares to overseas listed foreign shares to be listed for trading on overseas stock exchanges shall not be deemed as an alteration or abolition of the rights of a class of shareholders proposed by our Company.</u>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
8.	Article 113	<p>When convening a class general meeting, 45 days before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Any shareholder intending to attend the meeting shall serve to our Company a written reply showing his or her intention to attend at least 20 days before the meeting. In the event that the number of shares with voting power represented by shareholders planning to attend the meeting accounts for more than one half of the total number of the said classified shares with voting power at the meeting, our Company may convene a class general meeting. If this number is not reached, our Company shall again inform the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a class general meeting once the announcement is delivered. Where there are special rules in the listing rules of the stock exchange where our shares are listed, the special rules shall prevail.</p>	<p>When convening a class general meeting, our Company shall send a written notice <u>in accordance with the provision of Article 73 of the Articles of Association</u> to inform all registered holders of the classified shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. <u>Where there are special rules of laws, regulations and the stock exchange where our shares are listed, the special rules shall prevail.</u></p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
9.	Article 197(III)	The dividends distribution of our Company is implemented by the Board of Directors upon authorization of the general meeting by ordinary resolution.	<u>Unless determined otherwise by a resolution at a general meeting, the Board of Directors may distribute interim dividends upon authorization of a general meeting.</u>
10.	Article 200	After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within 2 months after conclusion of the general meeting.	After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within <u>60 working days</u> after conclusion of the general meeting.
11.	Article 233	<p>Interpretation</p> <p>(I) The term “acting in concert” as used in the Articles of Association refers to the action of two or more persons agreeing by agreement (whether oral or written) to obtain voting rights over our Company through any one of them, so as to achieve or consolidate the control of our Company.</p> <p>(II) The term “effective controller” as used in the Articles of Association refers to a person who, although not a shareholder of our Company, is able to actually control our Company’s actions through investment relationships, agreements or other arrangements.</p>	<p>Interpretation</p> <p>(I) The term “acting in concert” as used in the Articles of Association refers to the action of two or more persons agreeing by agreement (whether oral or written) to obtain voting rights over our Company through any one of them, so as to achieve or consolidate the control of our Company.</p> <p>(II) The term “effective controller” as used in the Articles of Association refers to a person who, although not a shareholder of our Company, is able to actually control our Company’s actions through investment relationships, agreements or other arrangements.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
		<p>(III) The term “connected relationship” as used in the Articles of Association refers to the relationship between the Controlling Shareholder, effective controller, Directors, Supervisors, senior management and the enterprises directly or indirectly controlled by our Company, and other relationships that may lead to the transfer of interests of our Company. However, the state-controlled enterprises are not only connected to each other because they are controlled by the state.</p>	<p>(III) The term “connected relationship” as used in the Articles of Association refers to the relationship between the Controlling Shareholder, effective controller, Directors, Supervisors, senior management and the enterprises directly or indirectly controlled by our Company, and other relationships that may lead to the transfer of interests of our Company. However, the state-controlled enterprises are not only connected to each other because they are controlled by the state.</p> <p><u>(IV) A “working day” referred to herein shall mean a calendar day registered by the company in the place of registration other than public holidays and statutory holidays.</u></p> <p><u>(V) A “business day” referred to herein shall mean a day on which the Hong Kong Exchange is open for trading of securities.</u></p>

LETTER FROM THE BOARD

(2) Articles of the Rules of Procedure for General Meetings to be amended

No.	Articles	Before Amendment	After Amendment
1.	Article 15	<p>A written notice of the general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register 45 days before the meeting. A shareholder who intends to attend the meeting shall deliver his or her written reply regarding his or her attendance at the meeting to our Company 20 days before the date of the meeting. The duration of issue of the notice is exclusive of the day on which the meeting is convened.</p>	<p>A written notice of the annual general meeting stating, among other things, matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register <u>20 business days</u> before the meeting. <u>A written notice of an extraordinary general meeting stating matters to be considered at the meeting and the time and venue of the meeting shall be given to all shareholders in the share register 10 business days or 15 days (whichever is longer) before the meeting. These shall be subject to requirements of laws, regulations and stock exchanges where the shares of our Company are listed. A business day referred to herein shall mean a day on which the Hong Kong Stock Exchange is open for trading of securities.</u> The duration of issue of the notice is exclusive of the day on which the meeting is convened.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
2.	Article 16	<p>Our Company shall, based on the written replies received from shareholders 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares held by shareholders intending to attend the meeting amounts to more than 1/2 of the total voting shares of our Company, our Company may convene a general meeting; if not, our Company shall within five days notify shareholders again by announcement of the matters to be considered at the meeting and the date and venue of the meeting, and the general meeting may be held by our Company thereafter. At such extraordinary general meeting, issues which are not listed on the notice shall not be decided on.</p>	<p>At an extraordinary general meeting, issues which are not listed on the notice shall not be decided on.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
3.	Article 19	<p>The notice of general meeting shall be sent in person or by postage-paid mail to the shareholders (regardless of whether such shareholders have the right to vote at the general meeting). Each recipient's address shall be according to the address indicated on the share register or subject to applicable laws, regulations and listing rules, be posted at our website or a site specified by the stock exchange where our shares are listed. For holders of Domestic Shares, the notice of general meeting may be given in the form of an announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of our general meeting.</p>	<p>The notice of general meeting shall be sent in person or by postage-paid mail to the shareholders (regardless of whether such shareholders have the right to vote at the general meeting) at the address indicated on the share register or, subject to applicable laws, regulations and listing rules, be posted at our website or a site specified by the stock exchange where our shares are listed. For holders of Domestic Shares and holders of non-listed foreign shares, the notice of general meeting may be given in the form of an announcement.</p> <p>The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period prescribed in Article 15 hereunder. Once the announcement is made, all holders of Domestic Shares and non-listed foreign shares shall be deemed to have received the notice of our general meeting.</p>

LETTER FROM THE BOARD

No.	Articles	Before Amendment	After Amendment
4.	Article 53	<p>When convening a class general meeting, 45 days before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Any shareholder intending to attend the meeting shall serve to our Company a written reply showing his or her intention to attend at least 20 days before the meeting. In the event that the number of shares with voting power represented by shareholders planning to attend the meeting accounts for more than one half of the total number of the said classified shares with voting power at the meeting, our Company may convene a class general meeting. If this number is not reached, our Company shall again inform the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a class general meeting once the announcement is delivered. Where there are special rules in the listing rules of the stock exchange where our shares are listed, the special rules shall prevail.</p>	<p>When convening a class general meeting, our Company shall send a written notice <u>in accordance with the provision of Article 15 of the Rules of Procedure</u> to inform all registered holders of the classified shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. <u>Where there are special rules of laws, regulations and the stock exchange where our shares are listed, the special rules shall prevail.</u></p>

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.

LETTER FROM THE BOARD

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.

III. ANNUAL GENERAL MEETING AND THE REVISED AGM NOTICE

The AGM of the Company will be held as originally scheduled at 2:00 p.m. on Wednesday, 20 May, 2020 at Minghou Hall, 4th Floor, New Century Grand Hotel Hangzhou, No. 818 Shixinzhong Road, Beigan Subdistrict, Xiaoshan District, Hangzhou City, Zhejiang Province, PRC. The original notice of the AGM has been despatched on 31 March, 2020 and the Revised AGM Notice will be despatched on 21 April, 2020, which is set out on pages 30 to 33 of this circular. A revised form of proxy for use at the AGM is also enclosed. Shareholders are advised to read the Revised AGM Notice and to complete and return the revised form of proxy and the reply slip in accordance with the respective 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 revised form of proxy attends the meeting, his revised 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 revised form(s) of proxy in accordance with the instructions printed thereon as soon as possible. To be valid, the revised 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 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 54, 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).

If a Shareholder has not yet returned the form of proxy of AGM despatched by the Company on 31 March, 2020 (the "Original Form of Proxy") in accordance with the instructions printed thereon, and wishes to appoint a proxy to attend the AGM on his/her behalf, he/she is required to submit the revised form of proxy. In this case, the Shareholder shall not submit the Original Form of Proxy.

If a Shareholder has already returned the Original Form of Proxy in accordance with the instructions printed thereon, he/she should note that:

- (1) If no revised form of proxy is returned by the Shareholder, the Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly proposed at the AGM.

LETTER FROM THE BOARD

- (2) If the revised form of proxy is returned by the Shareholder not less than 24 hours before the time appointed for the AGM, the revised form of proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed.
- (3) If the revised form of proxy is returned by the Shareholder after the closing time as set out in the Revised AGM Notice, the revised form of proxy will be deemed invalid. It will not revoke the Original Form of Proxy previously lodged by the Shareholder. The Original Form of Proxy will be treated as a valid form of proxy lodged by the Shareholder if duly completed. The proxy appointed under the Original Form of Proxy will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly proposed at the AGM.

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 respectively set out in the Revised AGM Notice.

VI. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

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

Hangzhou, the PRC
21 April, 2020

REVISED 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)

REVISED NOTICE OF ANNUAL GENERAL MEETING

REVISED 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 Wednesday, 20 May, 2020 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.

Ordinary Resolutions

- (1) To consider and approve the work report of the Board of Directors for the year ended 31 December, 2019.
- (2) To consider and approve the work report of the Supervisory Board for the year ended 31 December, 2019.
- (3) To consider and approve the independent auditor's report and consolidated financial statements for the year ended 31 December, 2019.
- (4) To consider and approve the annual report for the year ended 31 December, 2019.
- (5) To consider and approve the final accounts for 2019.
- (6) To consider and approve financial budget for 2020.
- (7) To consider and approve the profit distribution plan of the Company for the year ended 31 December, 2019.

REVISED NOTICE OF ANNUAL GENERAL MEETING

- (8) To consider and approve the re-appointment of PricewaterhouseCoopers as the auditor of the Company for the year 2020 and authorisation for the Board of Directors to determine their remunerations for the year 2020.
- (9) To consider and approve the election of Directors of the second session of the Board of Directors of the Company.
- (a) To consider and approve the re-election of Mr. Jin Wenjie as an executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (b) To consider and approve the re-election of Mr. Chen Miaoqiang as an executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (c) To consider and approve the re-election of Mr. Chen Canrong as a non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (d) To consider and approve the re-election of Mr. Jiang Tianyi as a non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (e) To consider and approve the election of Mr. Zhou Rong as a non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (f) To consider and approve the election of Mr. Xie Bingwu as a non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (g) To consider and approve the re-election of Mr. Zhang Rungang as an independent non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (h) To consider and approve the re-election of Mr. Khoo Wun Fat William as an independent non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.
- (i) To consider and approve the re-election of Ms. Qiu Yun as an independent non-executive Director, the term of office will be three years commencing from the date of AGM and to authorise the Board to fix the Directors' remuneration.

REVISED NOTICE OF ANNUAL GENERAL MEETING

- (10) To consider and approve the election of Supervisors of the second session of the Supervisory Board of the Company.
- (a) To consider and approve the re-election of Ms. Zha Xianghong as a supervisor, the term of office will be three years commencing from the date of AGM and to authorise the Supervisory Board to fix the Supervisor' remuneration.
- (b) To consider and approve the re-election of Mr. Guo Mingchuan as a supervisor, the term of office will be three years commencing from the date of AGM and to authorise the Supervisory Board to fix the Supervisor remuneration.
- (11) To consider and approve remuneration of Directors and Supervisors for 2019.
- (12) To consider and approve the change of use of proceeds.
- (13) To consider and approve the amendments to the rules of procedure for general meetings.

Special Resolutions

- (14) To consider and approve the amendments to the Articles of Association (H Shares).

Matter to be Reported

To hear the debriefing report of the independent non-executive Directors of the Company for the year 2019.

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

Hangzhou, China
21 April, 2020

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**"), holders of Domestic Shares ("**Domestic Shares**") and holders of Unlisted Foreign Shares ("**Unlisted Foreign Shares**") in the register of shareholders of the Company on Monday, 20 April, 2020 shall have the right to attend and vote at the AGM. The Company will suspend registration of shareholders and transfer of H Shares from Monday, 20 April, 2020 to Wednesday, 20 May, 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Friday, 17 April, 2020.

REVISED NOTICE OF ANNUAL GENERAL MEETING

3. Shareholders who intend to attend the AGM in person or by proxy shall complete and sign the reply slip and submit the reply slip by hand, mail or fax to the Company's H Share Registrar, Tricor Investor Services Limited at Level 54, 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, 30 April, 2020. 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.

The revised proxy form must be signed by the Shareholder or his/her attorney duly authorised in writing. Where the Shareholder is a legal person, the revised 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 revised proxy form is signed by an authorised person of the Shareholder, the power of attorney or other documents of authorisation must be notarised. To be valid, the revised 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 54, 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 their identification. In addition to the identification of the appointing Shareholder, a proxy shall also present his/her identification and power of attorney. 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 status 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.
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 Friday, 10 July, 2020 to Thursday, 16 July, 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 9 July, 2020.
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.

Name of the standing contact person: Mr. Li Donglin/Ms. Feng Jinyu

Phone number: (86 571) 8288 8888

Fax number: (86 571) 8288 8366

Email address: newcentury@kaiyuanhotels.com

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BIOGRAPHIES OF CANDIDATES FOR DIRECTORSHIP

Executive Directors:

Mr. Jin Wenjie (金文杰), aged 51, joined the Group in August 2008 and is an executive Director and the chairman of the Board of the Company. He is also the chairman of Zhejiang New Century Manju Hotel Management Co., Ltd. (浙江開元曼居酒店管理有限公司). Mr. Jin has over ten years of experience in corporate finance and over 11 years of experience in hotel operation and management.

Mr. Jin worked at Goldbond Venture Management Limited (金榜融資有限公司) as general manager from October 2003 to October 2007, Piper Jaffray & Co.'s Shanghai office from November 2007 to June 2008 as director and the head of China corporate finance and has served as the chairman of the board of directors and a non-executive Director of New Century Asset Management Limited, the manager of New Century REIT, since May 2017. Mr. Jin obtained his bachelor's degree in energy engineering from Shanghai Jiao Tong University and obtained his master's degree in law from Tongji University. He has practising lawyer's qualification in China.

As at the Latest Practicable Date, Mr. Jin Wenjie was indirectly interested in 13,437,900 domestic shares of the Company. Mr. Jin Wenjie is a general partner of and has full control over Ningbo Meishan Bonded Area Kaihui Taiheng Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區開匯泰亨投資管理合夥企業 (有限合夥) ("Kaihui Taiheng"). Mr. Jin Wenjie is deemed under the SFO to be interested in the Shares held by Kaihui Taiheng.

Mr. Chen Miaoqiang (陳妙強), aged 57, is a Director and the president of the Company. He joined the Group in December 2008. Mr. Chen is also a director of a number of subsidiaries of the Company. Mr. Chen was appointed as a director of Ningbo Mansion New Century Hotel Management Company Limited (寧波開元名庭酒店管理有限公司) on 17 April, 2019, the person in charge of Ningbo New Century Hotel, Zhejiang New Century Hotel Management Co., Ltd. on 9 August, 2019, an executive director of New Century Grand Hotel Ningbo on 20 September, 2019, a director of the Company's investee Zhejiang Zheqin New Century Hotel Management Co., Ltd. on 15 November, 2019. He resigned from his office as a director of Ningbo New Century Manju Hotel Management Company Limited (寧波開元曼居酒店管理有限公司) and his office as a director of Changxing New Century Mayart Hotel Company Limited (長興開元美途酒店有限公司) on 20 May, 2019 and 23 May, 2019, respectively. Mr. Chen has about 27 years of experience in hotel operation and management.

Mr. Chen was the manager of the facilities department at Hangzhou Zhijiang Holiday Resort, the predecessor of Zhijiang New Century Resort, from January 1994 to February 1998. He served as the property investment supervision manager at New Century Tourism from May 1998 to March 1999. He was the general manager of New Century Grand Hotel Ningbo from January 2000 to January 2004. Mr. Chen obtained a bachelor's degree in physics from Hangzhou Normal University and an executive master's degree of business administration from Zhejiang University.

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Mr. Chen is brother of Mr. Chan Miaolin, the founder of the group, one of the controlling shareholders and a non-executive Director of the Company.

As at, the Latest Practicable Date, Mr. Chen Miaoqiang was indirectly interested in 7,223,580 domestic shares of the Company. Mr. Chen Miaoqiang is a general partner of and has full control over Ningbo Meishan Bonded Area Kairui Shiqi Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區開瑞世祺投資管理合夥企業 (有限合夥)) (“**Kairui Shiqi**”). Mr. Chen Miaoqiang is deemed under the SFO to be interested in the Shares held by Kairui Shiqi. Ms. Lu Jun, the spouse of Mr. Chen Miaoqiang, owns 20.0% limited partnership interests in Kairui Shiqi, and as such, Mr. Chen Miaoqiang is deemed under the SFO to be interested in the shares held by Kairui Shiqi.

Non-executive Directors:

Mr. Chen Canrong (陳燦榮), aged 56, is a non-executive Director and a member of the Nomination Committee of the Company, and is one of the Controlling Shareholders. He joined the Group in December 2008. He is also the chief supervisor of the China Tourist Hotels Association and the deputy chairman of the Zhejiang Hotel Association. Mr. Chen has over 33 years of experience in hotel operation and management.

From September 1987 to December 2000, Mr. Chen worked at Xiaoshan Guesthouse and held various positions including deputy general manager, executive deputy general manager and general manager. Since January 2000, he has successively served as Vice President, President and Director of New Century Tourism. In July 2014, Mr. Chen served as Director and Chairman of the Board of Directors of Zhejiang New Century Property Management Co., Ltd., a company listed on the National Equities Exchange and Quotations (stock code: 831971). Mr. Chen obtained a master’s degree in business administration from the Macau University of Science and Technology.

Mr. Jiang Tianyi (江天一), aged 38, is a non-executive Director and a member of the Audit Committee of the Company. He was appointed as a Director of the Company in November 2016. Mr. Jiang has over 14 years of experience in private equity investment.

Mr. Jiang was an analyst at Deutsche Bank in Hong Kong from May 2004 to August 2006; he served as a director of The Carlyle Group from August 2006 to March 2016; since April 2016, he has been a co-founder and partner of Ocean Link Partners Limited (“**Ocean Link**”, a private equity investment firm focusing on travel related sectors in China) and a director of Beijing Century Mind Education Technology Co., Ltd. (北京世紀明德教育科技股份有限公司), a company listed on the National Equities Exchange and Quotations (stock code: 839264), and a director of several portfolios of Ocean Link. Mr. Jiang obtained a bachelor’s degree in science from Columbia University.

Mr. Zhou Rong (周榮), aged 44, has worked in the online travel services industry for over ten years. He has professional expertise and comprehensive experience in the management and operation of conventional and online travel services.

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Mr. Zhou joined Trip.com International Ltd (Trip.com, NASDAQ: CTRP, a leading online travel services company in China) as head of audit in August 2004. He worked as head of new business development at Trip.com Group from August 2008 to April 2010; as deputy general manager at Wing On Travel in Hong Kong from May 2010 to April 2013; as general manager at Tianhai Cruise (天海郵輪) from May 2013 to June 2015; as chief operating officer at eLong (currently known as Tongcheng_Elong Holdings Limited, listed on Stock Exchange since 26 November, 2018 (Stock Code: 00280), a leading online travel services provider in China) from July 2015 to March 2018; and has been chief strategy officer at Trip.com – Large Accommodations Business (大住宿事業群) since April 2018. Mr. Zhou obtained a double master’s degree of business administration from Shanghai Jiao Tong University.

Mr. Bingwu Xie (謝丙武), aged 50, has served as an independent director of GreenTree Hospitality Group Ltd. (NYSE: GHG) since 2017, and as a director of GreenTree Inns Hotel Management Group, Inc. since 2011. Mr. Xie is the founder and owner and has served as a director of Global Standard Investment Management Co., Ltd. since 2009 and as a director of ValueAlert Co, Ltd. since 2005. From 2014 to 2016, Mr. Xie served as a partner of Gopher Asset Management Limited and as the deputy chief investment officer of Noah Holdings (Hong Kong) Limited. From 2009 to 2014, Mr. Xie served as a managing director in the mergers and acquisitions department of ZEG Capital Management Co., Ltd. with Zhongzhi Enterprise Group, and as corporate vice president in charge of the real estate finance division of Zhongrong International Trust Co., Limited. From 2000 to 2009, Mr. Xie held various positions with Lehman Brothers in Japan and Hong Kong as a vice president and senior vice president of the investment management division, as a vice president in the fixed income division, and served as China country head of the real estate private equity division since December 2006. Mr. Xie received a bachelor’s degree in English for science and technology from Harbin Institute of Technology in 1996 and a master’s degree in international development (economics) from the International University of Japan in 1998.

Independent non-executive Directors:

Dr. Zhang Rungang (張潤綱), aged 61, is an independent non-executive Director and the chairman of the Remuneration Committee and the Nomination Committee of the Company. He became a director of the Company in June 2017. He is also a vice president of China Tourism Association. He has over 35 years of experience in the hospitality and tourism industry.

From February 1985 to March 1995, Dr. Zhang served as the deputy general manager of Kunlun Hotel Beijing; from November 1996 to November 2000, he served as deputy general manager of the investment management department of Bank of China; from November 2000 to September 2004, he served as deputy director of the Quality Specification and Management Department of the China National Tourism Administration; from January 2005 to February 2016, he served as a director of BTG-Jianguo Hotel Management Co., Ltd.; from March 2014 to December 2015, he served as a director of Beijing Capital Tourism Group Co., Ltd.; since May 2017, he served as an independent director of Zhejiang Zhoushan Tourism Co., Ltd. (浙江舟山旅遊股份有限公司), formerly

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known as Putuoshan Tourism Development Co., Ltd. (普陀山旅遊發展股份有限公司). Dr. Zhang received a bachelor's degree from the International Institute of Politics and a doctoral degree in systems engineering from South China University of Technology in China.

Dr. Zhang hold/held directorships in the following listed companies at present and in the past three years: served as the director of BTG Hotels Group Co., Ltd, a company listed on the main board of the Shanghai Stock Exchange (stock code: 600258) from May 2012 to present; served as the independent director of the China International Travel Service Corporation Limited, a company listed on the main board of the Shanghai Stock Exchange (stock code: 601888) from March 2017 to present.

Mr. Khoo Wun Fat William (丘煥法), aged 40, is an independent non-executive director and a member of the Audit Committee and the Nomination Committee of the Company. He became a director of the Company in August 2018. Mr. Khoo has over 12 years of experience in the legal industry.

Mr. Khoo worked at P.C. Woo & Co.; he served as a trainee solicitor, a paralegal and an assistant solicitor of the firm, respectively, from July 2007 to April 2010; he was an assistant solicitor of Charltons from May 2010 to April 2011; he was an associate at DLA Piper Hong Kong from April 2011 to March 2014. In December 2014, Mr. Khoo founded Khoo & Co and served as a partner. Mr. Khoo has been an independent non-executive director of Alpha Professional Holdings Limited (formerly known as Z-Obee Holdings Ltd.), a company listed on the Main Board of the Stock Exchange (Stock code: 948) from December 2017 to 1 March, 2020, and has been an independent non-executive director of Fameglow Holdings Limited (Stock code: 8603), a company listed on GEM operated by the Stock Exchange since September 2018. Mr. Khoo received a bachelor's degree in chemistry from the Chinese University of Hong Kong, a bachelor's degree in law from the City University of Hong Kong and a postgraduate certificate in law from the City University of Hong Kong and was admitted as a solicitor of the High Court of Hong Kong.

Ms. Qiu Yu (邱媛), aged 57, is an independent non-executive director and the chairman of the Audit Committee and a member of the Remuneration Committee of the Company. She became a director of the Company in June 2017. She is also a professor in the principles of accounting and financial management at the Business School of Ningbo University.

She served as a teaching assistant at the Business School of Ningbo University in July 1986, and became an associate professor in December 1999. Ms. Qiu worked as an associate professor in the principles of accounting and financial management and was the vice dean of the International College of Ningbo University (寧波大學國際交流學院) from January 2001 to March 2005, where she was then promoted to professor and then the dean of the college from April 2005 to June 2015. Ms. Qiu obtained her bachelor's degree in economic management from Fudan University (復旦大學) and a master's degree in business administration from the McGill University. Ms. Qiu was qualified as a professor in accounting by Provincial Normal High School Teacher Senior Technical Expert Qualifications Board (省普通高校教師高級專業技術資格評審委員會). Ms. Qiu has the relevant experience with internal controls and reviewing and analysing audited financial statements of listed companies; and possesses the appropriate accounting and related financial management expertise knowledge required under Rule 3.10(2) and Rule 3.21 of the Listing Rules.

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Ms. Qiu hold/held directorships in the following listed companies at present and in the past three years: served as an independent director of the Yinyi Co., Ltd., a company listed on the main board of Shenzhen Stock Exchange (stock code: 000981) from July 2011 to October 2017; served as an independent non-executive director and the chairman of Audit Committee of the Youngor Group Co., Ltd., a company listed on the main board of the Shanghai Stock Exchange (stock code: 600177) from May 2014 to present; served as an independent non-executive director and the chairman of Audit Committee of the Rongan Property Co., Ltd., a company listed on the main board of the Shenzhen Stock Exchange (stock code: 000517) from June 2014 to present; served as an independent non-executive director and the chairman of Audit Committee of the Ningbo Powerway Alloy Material Company Incorporated, a company listed on the main board of the Shanghai Stock Exchange (stock code: 601137) from July 2015 to present.

Biographies of candidates for supervisorship

Ms. Zha Xianghong (查向宏), aged 48, holder of master's degree of business administration, Chinese certified public accountant and senior accountant. She has been the chairman of the Board of Supervisors of the Company since 23 November, 2016, being responsible for directing the work of the Board of Supervisors and supervising the Board and the senior management of the Company. She has more than 22 years of experience in financial management. Ms. Zha has served as a supervising auditor, an audit manager, an audit director, an assistant to general manager of finance department and deputy general manager of finance department of New Century Tourism. She is currently responsible for overseeing the financial and auditing operations of New Century Tourism Group.

Mr. Guo Mingchuan (郭名川), aged 41, has been a Supervisor of the Company since 23 November, 2016, being responsible for overseeing the Board of Directors and senior management of the Company. He has more than 12 years of experience in private equity investment. Mr. Guo has served as an analyst at Morgan Stanley Private Equity, deputy director at American International Group Investment Corporation, senior investment manager of The Carlyle Group, and investment director of AGIC Capital (漢德資本). He currently serves as a supervisor and an investment director at Shanghai Ocean Link Investment Management Co., Ltd. (上海鷗翎投資管理有限公司). Mr. Guo obtained his bachelor's degree in computer science and technology and a master's degree in computer science from Shanghai Jiao Tong University in June 2002 and in March 2005, respectively.