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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)

PROFIT WARNING

This announcement is made by Zhejiang New Century Hotel Management Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company hereby informs the shareholders and potential investors of the Company that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, the Group's consolidated results for the six months ended 30 June 2020 may record a net loss in the range of approximately RMB90 million to RMB100 million as compared to a net profit of approximately RMB80.9 million for the corresponding period in 2019.

The Board considers that the expected loss for the six months ended 30 June 2020 is mainly due to a substantial decrease in the number of travelers caused by the continuous impact of the COVID-19 pandemic (the “**Epidemic**”) since the beginning of the year of 2020, resulting in a substantial decrease in the occupancy rate of our hotels, which was about 27.1% lower than the same period in 2019, and at the same time the Group's business activities were also severely hit under the impact of the Epidemic, particularly during the period from February to April 2020, hence leading to a significant decline in the Group's revenue.

The Board also hereby informs the Shareholders and potential investors that the financial position of the Group remains stable and most of the affected hotels have resumed normal operations.

The information contained in this announcement is only based on the preliminary assessment by the Board with reference to the unaudited consolidated management accounts of the Group and other information currently available to the management for the six months ended 30 June 2020 and has not been audited or reviewed by the auditors or the audit committee of the Company, and shall be subject to adjustments. The detailed financial information of the Group for the six months ended 30 June 2020 will be published in the interim results announcement for the six months ended 30 June 2020, which is expected to be published in August 2020 .

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

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

Hangzhou, the PRC
27 July 2020

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