



New Century Real Estate Investment Trust
開元產業投資信託基金

(a Hong Kong collective investment scheme authorized under section 104 of the Securities and
Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

Stock code: 1275

2015

Interim Report





New Century Grand
Hotel Hangzhou
杭州開元名都大酒店

New Century Hotel
Xiaoshan Zhejiang
浙江開元蕭山賓館

New Century
Grand Hotel Ningbo
寧波開元名都大酒店





New Century Resort Qiandao Lake Hangzhou
杭州千島湖開元度假村





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NEW CENTURY REAL ESTATE INVESTMENT TRUST

As the world's first China-based hotel real estate investment trust ("**REIT**"), New Century Real Estate Investment Trust's ("**New Century REIT**") listing ("**Listing**" or "**IPO**") on the Main Board of The Stock Exchange of Hong Kong Limited on 10 July 2013 ("**Listing Date**") was a milestone for the Chinese hospitality industry as well as the Hong Kong REIT market. New Century REIT provides its unitholders ("**Unitholders**") with a unique opportunity to invest in a portfolio of pure hotel assets located in China and to take advantage of the growing China tourism sector and hotel industry resulting from China's fast-growing economy and domestic consumption.

New Century REIT has committed and reputable sponsors, namely the New Century Hotel Group Limited and its subsidiaries ("**New Century Group**") as well as The Carlyle Group ("**Carlyle**"). New Century Group is the largest domestic, private-sector, star-rated hotel management group in China with 166 star-rated hotels in operations or under development. In addition, New Century Group was ranked 26th in 2014 (up from 32nd in 2013) among the world's hotel groups by Hotels Magazine published in July 2015. The Carlyle Group (NASDAQ: CG) is a global alternative asset manager with US\$193 billion of assets under management across 128 funds and 159 fund of funds vehicles as of 30 June 2015.

During the six months ended 30 June 2015 ("**Reporting Period**"), New Century REIT's portfolio includes five 5-Star hotels and one 4-Star hotel. These include five hotels as at the Listing Date namely, New Century Grand Hotel Hangzhou (杭州開元名都大酒店), New Century Resort Qiandao Lake Hangzhou (杭州千島湖開元度假村), New Century Grand Hotel Ningbo (寧波開元名都大酒店), New Century Grand Hotel Changchun (長春開元名都大酒店) and the 4-Star hotel, New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館) (collectively, the "**Initial Hotel Properties**") and a newly acquired hotel, Songjiang New Century Grand Hotel Shanghai (上海松江開元名都大酒店) ("**Shanghai Hotel**") (collectively with the Initial Hotel Properties, the "**Hotel Properties**"). The Hotel Properties are located in China with an aggregate of 2,467 rooms and more than 390,000 square meters in total gross floor area ("**GFA**"). Most of the hotels within our portfolio were rated the top 1.75% best hotels in the respective cities by TripAdvisor.com as of 4 August 2015.

On 31 July 2015, New Century REIT has acquired another 5-star hotel, namely New Century Grand Hotel Kaifeng ("**Kaifeng Hotel**") (開封開元名都大酒店), with 356 rooms and 53,512 square meters in GFA. Our portfolio increased by 14.4% and 13.6%, respectively, in terms of rooms and GFA subsequent to this acquisition.

LONG-TERM OBJECTIVES AND STRATEGY

While the REIT Manager continues its strategy to invest in a diversified portfolio of income-producing hospitality related real estates, initially in China, its strategy has recently been expanded to invest in a diversified portfolio of income producing real estate assets anywhere in the world, including retail and/or commercial properties and hotel or other hospitality-related properties.

Such strategies aim to deliver regular and stable distributions to Unitholders as well as to achieve long-term growth in distributions and in the net asset value per Unit of New Century REIT while maintaining an appropriate capital structure.



KEY FINANCIAL FIGURES FOR THE REPORTING PERIOD

(expressed in RMB'000 unless otherwise specified)

	For the six months ended 30 June 2015 (unaudited)	For the six months ended 30 June 2014 (unaudited)	Percentage Increase/ (Decrease)
Total Revenue	148,998	120,999	23.1%
Profit attributable to Unitholders	1,092	15,357	(92.9%)
Profit attributable to Unitholders, net of tax¹ (excluding impact from change in fair value of investment properties and related deferred taxation)	59,562	27,026	120.4%
Distributable income for the reporting period	82,941	64,521	28.5%
Special distribution	–	27,000	(100%)
Total distributions	82,941	91,521	(9.4%)

Per Unit Figures

Payout Ratio	100%	100%	0%
Distribution per unit (“DPU”) ² (RMB)	0.0887	0.1155	(23.2%)
– For the reporting period	0.0887	0.0815	8.8%
– Special distribution	–	0.0340	(100%)
Distribution per unit (“DPU”) ² (HK\$) ³	0.1075	0.1454	(26.1%)
– For the reporting period	0.1075	0.1026	4.8%
– Special distribution	–	0.0428	(100%)

	As at 30 June 2015	As at 31 December 2014	Percentage Increase/ (Decrease)
Net asset value per unit attributable to Unitholders (RMB)	2.6790	2.7743	(3.4%)
Net asset value per unit attributable to Unitholders (HK\$) ³	3.3972	3.5167	(3.4%)
Ratio			
Gearing Ratio ⁴	33%	31%	2%

FINANCIAL HIGHLIGHTS

Notes:

1. Impact includes the decrease in fair value of investment properties of RMB64,225,000 (2014: RMB2,702,000) and the related deferred taxation credit of RMB5,755,000 (2014: deferred taxation charge of RMB8,967,000) attributable to Unitholders.
2. Pursuant to the distribution waiver deeds on 17 June 2013 and 25 June 2014 (the "**Total Distribution Waivers**"), Huge Harvest International Limited, Blue Sky Holdings Limited and Success Conquer Global Limited have each agreed to irrevocably waive their entitlements to receive any distribution payable up to the year ended 31 December 2014 in relation to 72,699,988 Units, 47,400,000 Units and 15,000,000 Units respectively. There was no distribution waiver related to the Reporting Period.

Subsequent to 30 June 2015, New Century REIT has repurchased a total of 880,000 Units on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$2,772,965 (the "**Repurchase**"). All the repurchased Units were cancelled in July 2015.

The distribution per Unit for the six months ended 30 June 2015 is calculated by dividing the distribution to be paid to the Unitholders of RMB82,941,000 for the Reporting Period by 935,337,873 Units in issue after taking into account of the effect of Repurchase. The distribution per Unit for the six months ended 30 June 2014 is calculated by dividing the total distribution of RMB91,521,000 (including the special distribution of RMB27,000,000) for six months ended 30 June 2014 by 792,110,298 Units in issue on the record date of the distribution, after taking into account the effect of Total Distribution Waivers.

3. Unless indicated otherwise, amounts specified in Hong Kong dollars are based on an exchange rate of HK\$1 = RMB0.7886 as at 30 June 2015 (as at 31 December 2014: HK\$1 = RMB0.7889) while amounts specified in United States dollars are based on an exchange rate of US\$1 = RMB6.1136 as at 30 June 2015 (as at 31 December 2014: US\$1 = RMB6.1190). Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the REIT Manager for the interim distribution of the Reporting Period is HK\$1 = RMB0.8248 (2014: HK\$1 = RMB0.7945), which is the average closing exchange rate, as announced by the People's Bank of China, for the five business days preceding the date of declaration of distribution.
4. Gearing ratio is calculated based on gross borrowings excluding transaction costs over total asset value as at the end of the Reporting Period.

Dear Unitholders,

I am pleased to present the interim results of New Century REIT and its subsidiaries ("**Group**") for the six months ending 30 June 2015 (the "**Reporting Period**") on behalf of the Board of Directors ("**Board**") of New Century Asset Management Limited, the manager of New Century REIT (the "**REIT Manager**").

The revenue of New Century REIT increased by 23.1% for the Reporting Period to RMB149 million from the same period last year. The total distribution per Unit ("**DPU**") of New Century REIT for the Reporting Period was RMB0.0887 or equivalent to HK\$0.1075, based on a payout ratio of 100%, representing an annualized distribution yield of 7.1% based on the closing unit price of HK\$3.05 on 30 June 2015. Recurring distributable income per unit in RMB increased 8.8% year-on-year.

The REIT Manager has been actively looking for investment opportunities for New Century REIT and our execution capability was well proven through the completion of our first acquisition of the Shanghai Hotel in July 2014 and the recent acquisition of Kaifeng Hotel subsequent to the Reporting Period. These 5-star hotel acquisitions enhanced the asset portfolio size by approximately 39% and further expanded the overall geographical coverage of New Century REIT to two important strategic locations in China, namely Shanghai and Kaifeng. Kaifeng is an important historical ancient city located in the populous Henan province with significant and increasing tourism industry and progressively being integrated with Zhengzhou, the provincial capital of Henan, forming the Zhengzhou and Kaifeng New Zone.

During the Reporting Period, the hospitality industry in China continued to be negatively affected by short term over supply of hotels and the slower China economy. Our high base long-term lease structure, with either bank guarantee or one-year cash security deposits, helps mitigate risks arising from hotel business cycle. Although competitions in certain cities within our portfolio remain fierce, our portfolio occupancy demonstrated its resilience through their recovery in occupancy rates by 5.9 percentage points year-on-year, resulting in stable average revenue per available room ("**RevPAR**"). Global economic uncertainties and tighter corporate budgets caused more conscious food and beverage ("**F&B**") spending by corporates. Nevertheless, leveraging on the significant New Century Group's 166 star-rated hotels platform, our Hotel Properties were managed cost effectively through significant cost savings on items such as salaries & wages, utilities, and sales and marketing. Besides, New Century Group signed 12 additional new hotel management contracts and increased its Century Club loyal memberships by 20% to approximately 2.3 million in the first half of 2015, which significantly expanded the potential customers' awareness of and thus businesses for our hotels.

PROSPECTS

Based on our observation, new investment in hotels construction has been falling and many construction activities are delayed, which will probably bring about healthier supply and demand dynamics in the medium-term. Continuous growing demand from rapidly increasing middle income earners may present new opportunities for upscale hotels like ours. Over time, China economic transformations should support higher average room rate and F&B charges that should translate into higher profitability for the sector. We therefore remain optimistic on the medium to long-term outlook of China's hotel industry.

NEW STRATEGY

On 1 June 2015, the Unitholders have approved New Century REIT's new strategy to expand its investment scope to include a diversified portfolio of income producing real estate assets anywhere in the world, including retail and/or commercial properties and hotel or other hospitality-related properties. Such expansion of investment scope is in the best interests of New Century REIT and its Unitholders as a whole. Concentrating in a single segment of a single market may not be able to maximize the long-term sustainable growth of New Century REIT. In addition, there are appealing investment opportunities available in markets outside China, with real estate prices still being at relatively low levels, low funding costs, high availability of local financing, favorable foreign exchange rates and high cash yields. Therefore, we hope to take advantage of these attractive investment opportunities to strengthen New Century REIT's long term growth potential. We are actively pursuing such new strategy and will update Unitholders when appropriate.

On behalf of the REIT Manager, I would like to express my gratitude to DB Trustees (Hong Kong) Limited, (our "Trustee") and Unitholders for the support and confidence rendered to us.

On behalf of the Board

New Century Asset Management Limited

(as the REIT Manager of New Century REIT)

CHEN Miaolin

Chairman

Hong Kong, 21 August 2015

Dear Unitholders,

I am pleased to present the interim results of the Group for the Reporting Period on behalf of the Board of the REIT Manager.

KEY FINANCIAL HIGHLIGHTS

The revenue and distributable income of New Century REIT for the Reporting Period were RMB149 million (2014: RMB121 million) and RMB83 million (2014: RMB65 million), being 23.1% and 28.5% higher than that of the last corresponding half year respectively. The total distribution per Unit (“**DPU**”) of New Century REIT for the Reporting Period was RMB0.0887 (2014: RMB0.1155) or equivalent to HK\$0.1075 (2014: HK\$0.1454), based on a payout ratio of 100%. The annualized distribution yield was 7.1% based on the closing unit price of HK\$3.05 on 30 June 2015.

Revenue of New Century REIT for the Reporting Period was made up of (i) RMB130 million (2014: RMB107 million) rental income in respect of the leases of the Hotel Properties and (ii) RMB19 million (2014: RMB14 million) other rental income from the leasing of commercial and office spaces, shopping and recreational areas in the Hotel Properties under various individual lease agreements.

New Century REIT’s portfolio observed stabilizing trend in room department performance in the Reporting Period. Average occupancy increased year-on-year by 5.9% to 59.7% with the help of competitive ADR and new marketing initiatives.

For the F&B department, despite relatively difficult business environment due to central government’s curbs on luxury spending, overall spending power from private sectors are still relatively resilient. Further, our hotels have succeeded in expanding their Meetings, Incentives, Conferencing and Exhibitions (“**MICE**”) businesses for strong local recognition of the “**New Century**” brand, well-established reputation and competitive marketing edges arising from its nationwide presence in China.

The Shanghai Hotel acquired in July 2014 made meaningful contributions to the portfolio of New Century REIT. The portfolio’s hotel operating revenue and core gross operating profit increased by approximately 14% and 17% year-on-year respectively. In general, tight costs control has been achieved for the Hotel Properties during the Reporting Period, which contributed to relatively stable portfolio core gross operating profit margins.

Overall, the hotel market volatility is substantially mitigated through our high base long-term leases, with either bank guarantee or one year cash securities deposit.

HEALTHY FINANCIAL POSITION

As at 30 June 2015, New Century REIT had an aggregate borrowing of RMB1,698 million (as at 31 December 2014: RMB1,607 million). As at 30 June 2015, approximately US\$32 million (equivalent to RMB196 million) (as at 31 December 2014: US\$10.8 million (equivalent to RMB66 million)) out of US\$68.8 million (equivalent to RMB421 million) (as at 31 December 2014: US\$28.8 million (equivalent to RMB176 million)) revolving facilities remained unutilized, providing ample financial resources to New Century REIT. As at 30 June 2015, the valuation of the Hotel Properties was RMB4,805 million (as at 31 December 2014: RMB4,870 million) as appraised by DTZ Debenham Tie Leung Limited, our Principal Valuer. The gearing ratio of New Century REIT was approximately 33% (as at 31 December 2014: 31%), being the ratio of the gross borrowings (excluding transaction costs) of RMB 1,698 million (as at 31 December 2014: RMB1,607 million) as compared with total asset value of RMB5,166 million (as at 31 December 2014: RMB5,156 million), which was well below the maximum limit of 45% as permitted under the REIT Code.

New Century REIT had total cash and cash equivalents and restricted cash of RMB315 million (as at 31 December 2014: RMB231 million), which was comprised of RMB246 million (as at 31 December 2014: RMB187 million) in unrestricted cash and RMB69 million (as at 31 December 2014: RMB44 million) in restricted cash as at 30 June 2015. New Century REIT possesses sufficient financial resources and bank loan facilities and receives timely payments of rental income to satisfy its financial commitments and working capital requirements.

As at 30 June 2015, bank borrowings of New Century REIT were secured by Initial Hotel Properties, bank deposits and trade receivables, and guaranteed by SPV (HK) and Sky Town. Certain SPVs of New Century REIT had their equity interest secured. For more details, please refer to Notes 13, 15, 16, 19 and 24 of the Notes to the Condensed Consolidated Interim Financial Information in this report.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At the extraordinary general meeting held on 17 July 2015, the Unitholders of New Century REIT have approved the acquisition of the entire registered capital of Kaifeng New Century Grand Hotel Limited which ultimately holds New Century Grand Hotel Kaifeng, from Hangzhou New Century Real Estate Group Limited at a total purchase cost of RMB380 million (the “**Acquisition**”), financed by internal resources of New Century REIT. The Acquisition was completed on 31 July 2015. After the Acquisition, the portfolio of New Century REIT has enlarged in terms of the number of guestrooms and gross floor area by 14.4% and 13.6% respectively. For more information, please refer to the section “Summary of Acquisition and Important Agreements”.

ASSET ENHANCEMENT

In 2014, due to completion of the new Hangzhou subway line 2 construction works, we seized this opportunity to upgrade the lightings, landscaping and the surrounding area of New Century Grand Hotel Hangzhou.

Subsequent to the acquisition of the Shanghai Hotel, the REIT Manager has evaluated the benefits and costs in converting some F&B areas into other uses and converted the private dining area into retail space which is expected to help in attracting customers and thereby bringing in other sources of revenue to the Shanghai Hotel. The REIT Manager will continue to evaluate other asset enhancement initiatives to increase values to the Unitholders.

KEY HOTEL OPERATING HIGHLIGHTS

The following tables sets forth information on the average occupancy rates, ADR and average RevPAR of the Hotel Properties for the six months ended 30 June 2015 and 2014.

For the six months ended 30 June 2015	Occupancy %	ADR* RMB	RevPAR* RMB
New Century Grand Hotel Hangzhou	63.1%	515	325
New Century Hotel Xiaoshan Zhejiang	64.1%	323	207
New Century Resort Qiandao Lake Hangzhou	42.0%	712	299
New Century Grand Hotel Ningbo	59.2%	526	312
New Century Grand Hotel Changchun	53.8%	575	309
Songjiang New Century Grand Hotel Shanghai	64.6%	665	429
Weighted Average	59.7%	535	319

Note:

* The ADR and RevPAR included complimentary breakfast for hotel room guests.

For the six months ended 30 June 2014	Occupancy %	ADR* RMB	RevPAR* RMB
New Century Grand Hotel Hangzhou	52.5%	617	324
New Century Hotel Xiaoshan Zhejiang	49.9%	374	186
New Century Resort Qiandao Lake Hangzhou	46.6%	756	352
New Century Grand Hotel Ningbo	50.7%	562	285
New Century Grand Hotel Changchun	54.3%	619	336
Songjiang New Century Grand Hotel Shanghai**	64.9%	657	426
Weighted Average**	53.8%	595	320

Notes:

* The ADR and RevPAR included complimentary breakfast for hotel room guests.

** The Shanghai Hotel was acquired by New Century REIT on 31 July 2014. Therefore, the weighted average figures have included the Shanghai Hotel for comparison sake only.

REPORT OF THE REIT MANAGER

New Century Grand Hotel Hangzhou, New Century Grand Hotel Ningbo and New Century Hotel Xiaoshan Zhejiang recorded an increase in occupancies between 9% and 14% year-on-year. More bookings from leisure, packages and wholesalers were obtained for some of the hotels within the portfolio. RevPAR for the New Century Grand Hotel Ningbo and New Century Hotel Xiaoshan Zhejiang have improved by 9% to 11% year-on-year. On the other hand, RevPAR for the Qiandao Lake and Changchun hotels fell 15% and 8% year-on-year respectively. During the Reporting Period, Qiandao Lake was generally more impacted by heavy rains than the corresponding period last year and hence more cancellations in booking were observed. For our Changchun hotel, key customers are State-Owned Enterprises which remain budget conscious. We however observed stabilizing trend for this hotel's occupancy which helped its overall revenue.

In the second half of 2015, which covers the normal peak season of a year, we hope the portfolio will keep on improving in occupancies as supported by domestic consumptions arising from supportive economic policies.

It is important to emphasize that our high base rental long lease structure helps to mitigate performance volatility arising from hotel business cycle. Our rental bank guarantee or one-year security deposits also help reduce rental collectability risk.

The following tables set forth information of the F&B average spending per customer, average outlets seat utilization rate and average revenue per square meter per day of banquet rooms in the Hotel Properties for the six months ended 30 June 2015 and 2014:

For the six months ended 30 June 2015	F&B Spending Per Customer RMB*	F&B Outlet Utilization Rate %	Revenue Per SQM. Per Day of Banquet Room RMB
New Century Grand Hotel Hangzhou	146	185%	62
New Century Hotel Xiaoshan Zhejiang	117	131%	78
New Century Resort Qiandao Lake Hangzhou	101	80%	10
New Century Grand Hotel Ningbo	139	154%	50
New Century Grand Hotel Changchun	133	101%	20
Songjiang New Century Grand Hotel Shanghai	150	150%	48
Weighted Average	132	138%	47

Note:

* F&B Spending Per Customer excludes breakfast customers.

For the six months ended 30 June 2014	F&B Spending Per Customer RMB*	F&B Outlet Utilization Rate %	Revenue Per SQM. Per Day of Banquet Room RMB
New Century Grand Hotel Hangzhou	188	164%	69
New Century Hotel Xiaoshan Zhejiang	144	117%	98
New Century Resort Qiandao Lake Hangzhou	115	84%	11
New Century Grand Hotel Ningbo	146	147%	57
New Century Grand Hotel Changchun	160	111%	18
Songjiang New Century Grand Hotel Shanghai**	119	128%	42
Weighted Average**	<u>150</u>	<u>127%</u>	<u>51</u>

Notes:

* F&B Spending Per Customer excludes breakfast customers.

** The Shanghai Hotel was acquired by New Century REIT on 31 July 2014. Therefore, the weighted average figures have included the Shanghai Hotel for comparison sake only.

Overall F&B performance in New Century REIT's portfolio was still weak during the Reporting Period although increased occupancy rates contributed positively to F&B outlet utilization rates. The hotels within our portfolio provided venues for hosting conventions and other corporate events to large- or mid-scale local enterprises or local subsidiaries of international companies. Our flagship hotel, New Century Grand Hotel Hangzhou with two pillar-less banquet halls and over 1,000 sq.m. each, coupled with another 16 medium-sized meeting rooms, offer a variety of floor-plans and room configurations as may be required by various conferences and banquets. Our hotels also have a group of experienced event organizers who coordinate and arrange conferences and meetings according to the requirements of customers. Therefore, amid a generally tough environment for public spending, banquet still offers a good source of revenue and earnings to our portfolio.

KEY HOTEL INITIATIVES

During the Reporting Period, the hotels in our portfolio have taken initiatives to both increase revenue and reduce costs. More marketing activities have been focused on local corporates, which are related to domestic spending, in order to secure earlier events and rooms booking, more new routes packages have been provided to travel agencies and their leisure customers and more internet-based bookings have been earned.

Further, New Century Group, together with five other major Chinese high end hotel groups which have different regional strength formed the "China Hotel Alliance" on 6 July 2015. Members of the alliance aim to share loyalty member resources and allow customers to redeem bonus points at any alliance hotel, as well as to provide services to other alliance members. The alliance will provide tools to its hotel members for comprehensive loyalty member service functions, including real-time online booking at members' prices, inter-alliance loyalty member interactive functions and loyalty member point conversion functions.

REPORT OF THE REIT MANAGER

The alliance will integrate members' central reservation system (CRS) and property management system (PMS) to develop a shared system. The alliance also plans to include other business platforms for creating values for memberships, procurement, operational resources sharing, a training center and online media.

These six major hotel groups (including New Century Group) that have a total of 250 mid-range and luxury hotels with 75,000 rooms will also work closely with major internet platforms such as Tencent, Alitrip, Alipay, Jointwisdom and TravelSky in all areas. The alliance aims to add more than 50 mid-range and luxury hotel groups within three years and expands its network to cover 1,500 hotels serving over 50 million loyalty members.

RENTAL STRUCTURE AND BANK GUARANTEE

The Hotel Properties are managed and operated to prescribed operating standards and receive rent according to lease agreements for an initial term of 10 years, commencing from the Listing Date for the Initial Hotel Properties and from 31 July 2014 for the Shanghai Hotel, all of which may be renewed for a period of another 10 years. The lease agreements are designed to provide New Century REIT with a visible and stable income stream minimizing exposure to hotel industry risks (including cyclicalities) by way of Base Rents (as defined below), being RMB216 million and approximately RMB45 million, for the Initial Hotel Properties and the Shanghai Hotel respectively, for the first five years of the leases, while providing New Century REIT, by way of the variable individual rent, with the ability to share a portion of any potential upside in revenue and gross operating profit based on the performance of the Hotel Properties.

Variable individual rent, with a minimum guaranteed annual rental amount (the "**Base Rent**"), amounts to the total sum of (i) 20% of each of the Initial Hotel Properties or 25% of the Shanghai Hotel's total operating revenue of that month; and (ii) 34% of each of the relevant Hotel Properties' gross operating profit of that month.

New Century Tourism guarantees the performance of obligations by the lessees of the Hotel Properties. For the Initial Hotel Properties, the Bank of China – Zhejiang Branch provides an irrevocable guarantee in the amount of RMB216 million (being the amount of the Base Rent) per year in favor of subsidiaries of New Century REIT to cover the payment obligations of the lessees for first 5 years from the Listing Date. Further, the lessees of the Initial Hotel Properties and the Shanghai Hotel are required to provide a security deposit in the amount of RMB20 million and RMB48 million (subject to adjustments) respectively under the lease agreements.

In addition to the rent receivables under the lease agreements, New Century REIT is also entitled to other rental income from the leasing of commercial, shopping and as well as car parking areas in the Hotel Properties.

On behalf of the Board

New Century Asset Management Limited

(as the REIT Manager of New Century REIT)

Cheung Yat Ming

Executive Director and Chief Executive Officer

Hong Kong, 21 August 2015



KAIFENG HOTEL ACQUISITION

With the Unitholders' approval on 17 July 2015, New Century REIT has on 31 July 2015 acquired Kaifeng Hotel, a 5-star hotel in the Kaifeng New District of Henan Province, the PRC. The Acquisition of Kaifeng Hotel expanded the overall geographic diversification of the New Century REIT and increased its number of rooms by 14.4% to approximately 2,823 and gross floor area by 13.6% to 445,629 sq.m.

The hotel purchase cost of RMB380 million was approximately 9.52% below the RMB420 million valuation as appraised by an independent property valuer and was financed by internal resources and assumption of liabilities of Kaifeng New Century Grand Hotel Limited. The Kaifeng Hotel is a five-star hotel located in core area of Kaifeng New Town, which is the former site of the famous Song Dynasty royal water garden, Jinmingchi Lake.

Kaifeng Hotel has the potential to enhance returns to Unitholders and it has a higher occupancy rate and ADR than the average of the existing portfolio for the full year's operation in 2014.

NEW HOTEL LEASE AGREEMENT AND NEW LEASE GUARANTEE

New Century REIT has entered into a ten years' (with further ten years' renewal option at the REIT Manager's discretion) new hotel lease agreement with New Century Grand Hotel Kaifeng Management Company Limited (開封開元名都酒店管理有限公司) ("**Kaifeng Hotel Lessee**") and New Century Tourism as guarantor on 29 June 2015 ("**New Hotel Lease Agreement**"). The rent for Kaifeng Hotel equals to the total sum of (i) 20% of Kaifeng Hotel's total operating revenue of that month as shown in the relevant monthly management accounts; and (ii) 34% of Kaifeng Hotel's gross operating profit of that month as shown in the relevant monthly management accounts. For the first five years from the commencement of the New Hotel Lease Agreement, the Kaifeng Hotel Lessee is required to pay a minimum aggregate annual base rent of RMB22 million and to provide a security deposit at the same amount for the first five years of the term under the New Hotel Lease Agreement. In addition, New Century REIT is entitled to rental income from certain leisure facilities within the Kaifeng Hotel equivalent to an initial amount of approximately RMB425,000 per month, under various lease agreements for terms of 3 to 6 years. The Kaifeng Hotel Lessee entrusts Zhejiang New Century Hotel Management Limited (浙江開元酒店管理有限公司) ("**Hotel Manager**"), as the hotel manager, to carry out the management of the Kaifeng Hotel and pays the Hotel Manager a hotel management fee. Such hotel management fee is borne by the Kaifeng Hotel Lessee rather than New Century REIT.

New Century Tourism provided a guarantee (the "**New Lease Guarantee**") to the lessor of Kaifeng Hotel with respect to the obligations of the Kaifeng Hotel Lessee under the New Hotel Lease Agreement. For details of the acquisition, please refer to the announcements published on 30 June 2015, 17 July 2015, 31 July 2015 and 17 August 2015 as well as the circular dispatched on 30 June 2015.



New Century REIT is committed to maintaining the highest level of corporate governance practices and procedures. The REIT Manager has adopted a compliance manual for use in relation to the management and operation of New Century REIT (“**Compliance Manual**”) which sets out the key processes, systems, measures and certain corporate governance policies and procedures to be applied for governing the management and operation of New Century REIT and for compliance with all applicable laws and regulations. New Century REIT and the REIT Manager applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code in Appendix 14 to the Listing Rules.

During the six months ended 30 June 2015, both the REIT Manager and New Century REIT have in material terms complied with the provisions of the REIT Code, the relevant provisions of the SFO, the relevant provisions of the Listing Rules applicable to New Century REIT, the Trust Deed and the Compliance Manual.

BOARD OF DIRECTORS OF THE REIT MANAGER

The Board of Directors of the REIT Manager (the “**Board**”) principally oversees the day-to-day management of the REIT Manager’s affairs and the conduct of its business and is responsible for the overall governance of the REIT Manager. The Board currently comprises eight members, including one executive Director, four non-executive Directors and three independent non-executive Directors.

As at 30 June 2015, the Board comprised the following members:

Mr. Chen Miaolin (*Chairman and non-executive Director*)
Mr. Cheung Yat Ming (*executive Director and chief executive officer*)
Mr. Zhang Guanming (*non-executive Director*)
Mr. Zhang Chi (*non-executive Director*) (*with Mr. Jiang Tianyi as his alternate*)
Mr. Tong JinQuan (*non-executive Director*) (*appointed on 19 January 2015*)
Mr. Angelini Giovanni (*independent non-executive Director*)
Mr. Yu Hon To, David (*independent non-executive Director*)
Professor He Jianmin (*independent non-executive Director*)

As at 30 June 2015, the composition of the Board committees were as follows:

AUDIT COMMITTEE

Chairman: Mr. Yu Hon To, David
Member: Mr. Zhang Chi
Member: Professor He Jianmin

FINANCE AND INVESTMENT COMMITTEE

Chairman: Mr. Cheung Yat Ming
Member: Ms. Ho Wai Chu
Member: Mr. Hong Kam Kit Eddie (*resigned on 23 July 2015*)

NOMINATION COMMITTEE

Chairman: Mr. Chen Miaolin
Member: Mr. Angelini Giovanni
Member: Professor He Jianmin

DISCLOSURES COMMITTEE

Chairman: Mr. Cheung Yat Ming
Member: Mr. Zhang Guanming
Member: Mr. Yu Hon To, David

CHANGES IN INFORMATION OF DIRECTORS AND MANAGEMENT PERSONS

Mr. Tong JinQuan was appointed as a non-executive Director of the REIT Manager with effect from 19 January 2015. For more information, please refer to the announcement issued by New Century REIT dated 19 January 2015.

Mr. Hong Kam Kit Eddie (“**Mr. Hong**”) has resigned as investment and investor relations manager of the REIT Manager with effect from 23 July 2015 and on that date, he also ceased to be a responsible officer and a member of the Finance and Investment Committee. The REIT Manager has identified a suitable candidate (the “**Candidate**”) to take up the position of Mr. Hong as the investment and investor relations manager of New Century REIT, who will be appointed as a member of the Finance and Investment Committee of the REIT Manager, and upon the Candidate’s satisfaction of the requirements for and obtaining the approval of the SFC, as a responsible officer of the REIT Manager. For more information, please refer to the announcement issued by New Century REIT dated 23 July 2015.

INTERESTS OF, AND DEALINGS IN UNITS BY DIRECTORS, THE REIT MANAGER OR THE SIGNIFICANT HOLDERS

To monitor and supervise any dealings of Units, the REIT Manager has adopted a code containing rules on dealings by the Directors and the REIT Manager on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules (“**Model Code**”) as set out in Appendix 10 of the Listing Rules, which governs dealings by all Directors and employees of the REIT Manager, subsidiaries of the REIT Manager and the Special Purpose Vehicles of New Century REIT (“**Management Persons**”).

Specific enquiry has been made with the Directors and the Management Persons, all of them confirmed that they have complied with the required standard set out in the Model Code from time to time during the six months ended 30 June 2015.

ISSUE OF NEW UNITS

During the six months ended 30 June 2015, an aggregate of 5,078,306 new Units were issued to the REIT Manager as full payment of the REIT Manager’s fees for the period from 1 July 2014 to 31 December 2014.

The total number of Units in issue as at 30 June 2015 was 936,217,873 Units.

PUBLIC FLOAT OF THE UNITS

Based on the information publicly available, as far as the REIT Manager is aware, not less than 25% of the issued and outstanding Units were held in public hands as at 30 June 2015.



CONNECTED PARTY TRANSACTIONS

Set out below is summary information in respect of connected party transactions during the six months ended 30 June 2015 between New Century REIT and its connected persons (as defined in paragraph 8.1 of the REIT Code), which are governed by Chapter 8 of the REIT Code.

WAIVERS FROM STRICT COMPLIANCE

As disclosed in the Offering Circular, waivers from strict compliance with the disclosure and Unitholder's approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions between New Century REIT and its connected persons were granted by the SFC before the listing of New Century REIT ("**Waivers**"). Waivers have been granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that transactions should be reviewed by the auditors of New Century REIT and the independent non-executive Directors and, where applicable, the transaction amounts should not exceed the specified annual caps ("**Waiver Conditions**").

With the approval of the Unitholders, a new waiver ("**Modified and Extended Waiver**") was granted by the SFC on 16 July 2014 in respect of certain connected party transactions between New Century REIT and Huge Harvest Group, subject to the terms and conditions as disclosed in the announcement dated 16 July 2014. For the six months ended 30 June 2015, New Century REIT has complied with the relevant terms and conditions of the Modified and Extended Waiver.

INCOME

The following table sets out information on continuing connected party transactions from which New Century REIT derived its income during the six months ended 30 June 2015:

Name of the Connected Person	Relationship with New Century REIT	Nature of the connected party transactions	Income received/receivable during the six months ended 30 June 2015 (RMB'000)
浙江開元酒店管理有限公司及其集團其他成員公司 (Zhejiang New Century Hotel Management Limited* and other members of its group)	Associate of Significant Holder and Director ¹	Leasing transaction	108,886
上海松江開元名都大酒店有限公司 (Shanghai Songjiang New Century Grand Hotel Limited*)	Associate of Director ²	Leasing transaction	23,847
上海開元企業經營管理有限公司 (Shanghai New Century Enterprise Operation Management Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	3,082



Name of the Connected Person	Relationship with New Century REIT	Nature of the connected party transactions	Income received/receivable during the six months ended 30 June 2015 (RMB'000)
開元旅業集團有限公司 (New Century Tourism Group Limited*)	Associate of Significant Holder and Director ⁴	Leasing transaction	951
杭州開元房地產集團有限公司 (Hangzhou New Century Real Estate Group Limited*)	Associate of Significant Holder and Director ⁴	Leasing transaction	886
德清開元森泊渡假開發有限公司 (Deqing New Century Senbo Holiday Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	137
杭州開元國際旅遊有限公司 (Hangzhou New Century International Tourism Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	126
杭州開元之江清洗連鎖有限公司 (Hangzhou New Century Zhijiang Cleaning Chain Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	63
杭州開元裝飾工程有限公司 (Hangzhou New Century Decorating Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	58
杭州智榮貿易有限公司 (Hangzhou Zhirong Trading Limited*)	Associate of Significant Holder and Director ³	Leasing transaction	34
杭州開元信息系統有限公司 (Hangzhou New Century Information System Engineering Limited*)	Associate of Significant Holder and Director ⁵	Leasing transaction	26

CONNECTED PARTY TRANSACTIONS

RENTAL DEPOSITS

New Century REIT has received the following rental deposits from its connected persons during the six months ended 30 June 2015:

Name of the Connected Person	Relationship with New Century REIT	Nature of the connected party transactions	Rental deposits received during the six months ended 30 June 2015 (RMB'000)
上海松江開元名都大酒店有限公司 (Shanghai Songjiang New Century Grand Hotel Limited*)	Associate of Director ²	Leasing transaction	109

Notes:

1. The connected person concerned is a subsidiary of Huge Harvest. The connected person concerned is also an associate of Mr. Chen Miaolin (Chairman and non-executive Director), Mr. Zhang Chi (non-executive Director), Mr. Chen Canrong and Mr. Chen Miaoqiang (both being directors of Xiaoshan Hotel Company).
2. The connected person concerned is an associate of Mr. Chen Miaolin (Chairman and non-executive Director).
3. The connected person concerned is a subsidiary of Huge Harvest. The connected person concerned is also an associate of Mr. Chen Miaolin (Chairman and non-executive Director) and Chen Canrong (director of Xiaoshan Hotel Company).
4. The connected person concerned is a subsidiary of Huge Harvest. The connected person concerned is also an associate of Mr. Chen Miaolin (Chairman and non-executive Director), Mr. Zhang Guanming (non-executive Director and director of all SPVs), Mr. Chen Canrong and Mr. Chen Miaoqiang (both being directors of Xiaoshan Hotel Company).
5. The connected person concerned is a subsidiary of Huge Harvest. The connected person concerned is also an associate of Mr. Chen Miaolin (Chairman and non-executive Director) and Mr. Zhang Guanming (non-executive Director and director of all SPVs).

* The English name is shown for identification purpose only.

EXPENSES

Save as disclosed in the paragraphs headed "Terms and Remuneration of Services Provided by the REIT Manager, the Trustee and the Principal Valuer" and "Major Acquisition and Connected Party Transactions in relation to the Sale and Purchase Agreement to acquire Kaifeng Hotel and Continuing Connected Party Transactions" as set out below in this section, there are no other connected party transactions in which New Century REIT incurred its expenses during the six months ended 30 June 2015.

RECEIVABLES AND PAYABLES

There are trade and other receivable and payable balances and advance with connected persons brought forward from prior years, as well as from the six months ended 30 June 2015, which are set out in note 24(c) of the Notes to the Condensed Consolidated Interim Financial Information on pages 59 to 61 of this report.

MAJOR ACQUISITION AND CONNECTED PARTY TRANSACTIONS IN RELATION TO THE SALE AND PURCHASE AGREEMENT TO ACQUIRE KAIFENG HOTEL AND CONTINUING CONNECTED PARTY TRANSACTIONS

Reference is made to the announcements of New Century REIT dated 29 June 2015, 17 July 2015, 31 July 2015 and 17 August 2015 (the **“Kaifeng Hotel Announcements”**) and the circular dated 30 June 2015 (the **“Kaifeng Acquisition Circular”**) in relation to the following connected party transactions. Unless otherwise defined in the section ‘Definitions and Glossary of Technical Terms’ of this report, terms used in this subsection shall have the same meaning as those defined in the Kaifeng Acquisition Circular and the Kaifeng Hotel Announcements.

1. SALE AND PURCHASE AGREEMENT

On 29 June 2015, Zhejiang New Century Hotel entered into the Sale and Purchase Agreement with Hangzhou New Century Real Estate Group Limited (the **“Vendor”**), New Century Tourism Group Limited, Kaifeng New Century Grand Hotel Limited (the **“Target Company”**) and the Trustee pursuant to which Zhejiang New Century Hotel conditionally agreed to acquire and the Vendor agreed to sell the entire registered capital of the Target Company (the **“Transaction”**). After the acquisition of the Target Company, New Century REIT, through Zhejiang New Century Hotel and the Target Company, owned Kaifeng Hotel.

The Hotel Purchase Cost for New Century REIT was RMB380 million, which consisted of (i) the assumption of approximately RMB182.6 million of liabilities of the Target Company (the **“Reference Date Liabilities”**) (based on the total liabilities less current assets of the Target Company as at 31 December 2014, being approximately RMB223 million, excluding the pro forma amount of deferred tax liabilities of approximately RMB47 million as at 31 December 2014 relating to the fair value gain of Kaifeng Hotel and taking into account a subsequent capital injection of RMB40 million by the Vendor on 4 June 2015); and (ii) the Consideration of approximately RMB197.4 million (subject to adjustments) for the sale and purchase of the entire registered capital of the Target Company.

Within 20 days from the Completion Date, PricewaterhouseCoopers, the independent auditor appointed by Zhejiang New Century Hotel, would provide Zhejiang New Century Hotel and the Vendor with the table (the **“Assets and Liabilities Table”**) setting out the amount of all the current assets, liabilities and debts of the Target Company as at the Completion Date (the **“Target Company Debt”**). An adjustment to the Consideration will be made if the Target Company Debt is more or less than the Reference Date Liabilities, being approximately RMB182.6 million, such that any additional liabilities over the Reference Date Liabilities will be deducted from the Consideration of approximately RMB197.4 million. To the extent that the amount of Consideration is not sufficient to cover the difference, the Vendor will need to pay Zhejiang New Century Hotel such surplus within 30 days from the Completion Date. Conversely, if the Target Company Debt is less than the Reference Date Liabilities, the difference will be added to the Consideration, payable to the Vendor within 30 days from Completion Date.

CONNECTED PARTY TRANSACTIONS

2. CONTINUING CONNECTED PARTY TRANSACTIONS

New Hotel Lease Agreement

On 29 June 2015, New Century REIT (through the REIT Manager and the Target Company as the Lessor) entered into a lease agreement with New Century Grand Hotel Kaifeng Management Company Limited (the “**Lessee**”) and New Century Tourism as guarantor in respect of Kaifeng Hotel (being the “**New Hotel Lease Agreement**”). The New Hotel Lease Agreement is effective from the Completion Date and is for a term of ten years commencing from the Completion Date and expiring on the tenth anniversary from the date of the New Hotel Lease Agreement. The REIT Manager has an option, solely at the REIT Manager’s discretion, to renew the New Hotel Lease Agreement for a further term of ten years.

On 17 July 2015, the SFC granted a waiver to New Century REIT from strict compliance with the certain requirements under Chapter 8 of the REIT Code in respect of the entering into transactions with certain connected persons of New Century REIT in relation to the New Hotel Lease Agreement (the “**New Hotel Lease Transactions**”). For details, please refer to the announcement issued by New Century REIT on 17 July 2015.

Shareholder’s Loan

Since the Target Company has not yet secured the Bank Loan on Completion Date, the Target Company maintained the Shareholder’s Loan as granted by New Century Tourism on 8 June 2015.

3. APPROVAL BY UNITHOLDERS, COMPLETION OF TRANSACTION AND PAYMENT OF THE CONSIDERATION

The above transactions have been approved by the independent Unitholders at the extraordinary general meeting of New Century REIT held on 17 July 2015. On 31 July 2015, all the conditions precedent under the Sale and Purchase Agreement have been satisfied, and the Transaction was completed. Therefore, New Century REIT acquired the Target Company Shares and the Target Company has become part of New Century REIT Group on 31 July 2015, the Completion Date.

On 13 August 2015, PricewaterhouseCoopers has provided the Assets and Liabilities Table to Zhejiang New Century Hotel and the Vendor. According to the Assets and Liabilities Table as at 31 July 2015, the Target Company Debt as at 31 July 2015 was approximately RMB183.1 million; therefore, the downward adjustment to the Consideration was approximately RMB0.5 million. After deducting such adjustment from the original Consideration of approximately RMB197.4 million, the final amount of the Consideration was approximately RMB196.9 million. The final Consideration of RMB196.9 million was paid by New Century REIT to the Vendor on 17 August 2015.

TERMS AND REMUNERATION OF SERVICES PROVIDED BY THE REIT MANAGER, THE TRUSTEE AND THE PRINCIPAL VALUER

Pursuant to note 2 to 8.10 of the REIT Code, services provided by the REIT Manager, the Trustee and the Principal Valuer to New Century REIT as contemplated under the constitutive documents shall not be deemed connected party transactions. Therefore, such services are not disclosed in the above sections.

During the six months ended 30 June 2015, the aggregate amount of fees (in the form of cash and/or units) paid/payable by New Century REIT to the Trustee and to the REIT Manager under the constitutive documents were RMB512,000 and RMB12,613,000 respectively. Particulars of services provided by the Trustee and the REIT Manager for the six months ended 30 June 2015 are set out in note 8 of the Notes to the Condensed Consolidated Interim Financial Information on page 43 of this report. The fees paid/payable to the Principal Valuer of New Century REIT during the six months ended 30 June 2015 was RMB143,000.

DISCLOSURE OF INTERESTS

The REIT Code requires connected persons (as defined in 8.1 of the REIT Code) of New Century REIT to disclose their interests in the Units. In addition, the Trust Deed requires that the provisions of Part XV of the SFO are deemed to apply to the REIT Manager, the Directors and the chief executives of the REIT Manager, and to persons interested in the Units.

UNIT HOLDINGS OF SIGNIFICANT UNITHOLDERS

As at 30 June 2015, the interests and short position in Units of the significant Unitholders (as defined in paragraph 8.1 of the REIT Code (other than the REIT Manager, its directors or chief executive of the REIT Manager)) as recorded in the register required to be kept by the REIT Manager pursuant to Schedule 3 of the Trust Deed and section 336 of the SFO, or so far as the REIT Manager is aware, were as follows:

Name of the Significant Unitholders	Nature of the Interest	Total Number of Issued Units Held	Approximate Percentage of the Issued Units as at 30 June 2015
Standard Chartered Trust (Singapore) Limited ¹	Interest of corporation	358,412,373 (L)	38.28%(L)
	controlled by substantial shareholder	181,429,000 (S)	19.38%(S)
SCTS Capital Pte. Ltd. ²	Interest of corporation	358,412,373 (L)	38.28%(L)
	controlled by substantial shareholder	181,429,000 (S)	19.38%(S)
Huge Harvest ³	Beneficial owner and	303,099,373 (L)	32.37%(L)
	interest of corporation controlled by substantial shareholder	181,429,000 (S)	19.38%(S)
Poppytown Group Limited ⁴	Interest of corporation	303,099,373 (L)	32.37%(L)
	controlled by substantial shareholder	181,429,000 (S)	19.38%(S)
Blue Sky Holdings Limited ⁵	Beneficial owner	218,372,000 (L)	23.32%(L)
Carlyle Asia Partners II, L.P. ⁶	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		
CAP II General Partner, L.P. ⁷	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		
CAP II L.L.C. ⁸	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		
TC Group Cayman Investment Holdings Sub, L.P. ⁹	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		
TC Group Cayman Investment Holdings, L.P. ¹⁰	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		
Carlyle Holdings II L.P. ¹¹	Interest of corporation	218,372,000 (L)	23.32%(L)
	controlled by substantial shareholder		

Name of the Significant Unitholders	Nature of the Interest	Total Number of Issued Units Held	Approximate Percentage of the Issued Units as at 30 June 2015
Carlyle Holdings II GP L.L.C. ¹²	Interest of corporation controlled by substantial shareholder	218,372,000 (L)	23.32%(L)
The Carlyle Group L.P. ¹³	Interest of corporation controlled by substantial shareholder	218,372,000 (L)	23.32%(L)
Haitong Securities Co., Ltd. ¹⁴	Interest of corporation controlled by substantial shareholder	181,429,000 (L)	19.38%(L)
Shanghai Summit Pte. Ltd. ¹⁵	Interest of corporation controlled by substantial shareholder	139,450,000 (L)	14.90%(L)
Wealthy Fountain Holdings Inc. ¹⁶	Beneficial owner	139,450,000 (L)	14.90%(L)
Sinnabar Group Limited ¹⁷	Interest of corporation controlled by substantial shareholder	55,313,000 (L)	5.91%(L)
Weiliang International Limited ¹⁸	Beneficial owner	55,313,000 (L)	5.91%(L)

(L) = long position

(S) = short position

DISCLOSURE OF INTERESTS

Notes:

1. Standard Chartered Trust (Singapore) Limited holds 100% of the interests of SCTS Capital Pte. Ltd. (Note 2). SCTS Capital Pte. Ltd., as nominee shareholder of irrevocable trusts, holds 100% of the interests of Poppytown Group Limited (Note 4), Capitilla Worldwide Limited, Litewait Worldwide Limited and Sinnabar Group Limited (Note 17) respectively. Poppytown Group Limited, Capitilla Worldwide Limited, Litewait Worldwide Limited altogether hold 100% of the interests of Huge Harvest. Hence, Standard Chartered Trust (Singapore) Limited has deemed interest in the Units held by Huge Harvest and Weiliang International Limited (Note 18).

Standard Chartered Trust (Singapore) Limited is accustomed to act in the directions of Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager), Mr. Zhang Guanming (non-executive Director of the REIT Manager), Mr. Chen Canrong (director of Xiaoshan Hotel Company) and Mr. Kong Weiliang.

As at 30 June 2015, Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager) is the beneficiary of a irrevocable trust with SCTS Capital Pte. Ltd. as nominee shareholder. This irrevocable trust holds 100% of the interests of Poppytown Group Limited and Poppytown Group Limited holds 83.90% of the interests of Huge Harvest. Standard Chartered Trust (Singapore) Limited holds 100% of the interests of SCTS Capital Pte. Ltd. Therefore, Standard Chartered Trust (Singapore) Limited, SCTS Capital Pte. Ltd., Poppytown Group Limited and Huge Harvest are connected persons of New Century REIT.

Of the 181,429,000 Units involved in short position, 71,429,000 Units are derivative interests.

2. SCTS Capital Pte. Ltd., as nominee shareholder, holds 100% of the interests of Poppytown Group Limited (Note 4). SCTS Capital Pte. Ltd., as nominee shareholder, also holds 100% of the interests of Sinnabar Group Limited (Note 17). Hence, SCTS Capital Pte. Ltd. has deemed interest in the Units held by Huge Harvest and Weiliang International Limited.

Of the 181,429,000 Units involved in short position, 71,429,000 Units are derivative interests.

3. Huge Harvest is a significant Unitholder of New Century REIT. As at 30 June 2015, since Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager) ultimately holds 83.90% of the issued shares of Huge Harvest, Huge Harvest is also a connected person of New Century REIT.
4. Poppytown Group Limited holds 83.90% of the interests of Huge Harvest. Hence, Poppytown Group Limited has deemed interest in the Units held by Huge Harvest.

Of the 181,429,000 Units involved in short position, 71,429,000 Units are derivative interests.

5. Blue Sky Holdings Limited is a significant Unitholder of New Century REIT. Blue Sky Holdings Limited's interest is controlled by the eight entities stated in Notes 6 to 13 below.
6. Carlyle Asia Partners II, L.P. holds 97.27% of the interests of Blue Sky Holdings Limited (Note 5). Hence, Carlyle Asia Partners II, L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.
7. CAP II General Partner, L.P. holds 100% of the interest of Carlyle Asia Partners II, L.P. (Note 6) in which Carlyle Asia Partners II, L.P. holds 97.27% of the interest of Blue Sky Holdings Limited (Note 5). Hence, CAP II General Partner, L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.

8. CAP II L.L.C. holds 100% of the interest of CAP II General Partner, L.P. (Note 7). Hence, CAP II L.L.C. has deemed interest in the Units held by Blue Sky Holdings Limited.
9. TC Group Cayman Investment Holdings Sub, L.P. holds 100% of the interest of CAP II L.L.C. (Note 8). Hence, TC Group Cayman Investment Holdings Sub, L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.
10. TC Group Cayman Investment Holdings, L.P. holds 100% of the interest of TC Group Cayman Investment Holdings Sub, L.P. (Note 9). Hence, TC Group Cayman Investment Holdings, L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.
11. Carlyle Holdings II L.P. holds 100% of the interest of TC Group Cayman Investment Holdings, L.P. (Note 10). Hence, Carlyle Holdings II L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.
12. Carlyle Holdings II GP L.L.C. holds 100% of the interest of Carlyle Holdings II L.P. (Note 11). Hence, Carlyle Holdings II GP L.L.C. has deemed interest in the Units held by Blue Sky Holdings Limited.
13. The Carlyle Group L.P. holds 100% of the interest of Carlyle Holdings II GP L.L.C. (Note 12). Hence, The Carlyle Group L.P. has deemed interest in the Units held by Blue Sky Holdings Limited.
14. Haitong Securities Co., Ltd. is a significant Unitholder of New Century REIT. Of the 181,429,000 Units held, 71,429,000 Units are derivative interests.
15. Shanghai Summit Pte. Ltd. holds 100% of the interests of Wealthy Fountain Holdings Inc. (Note 16). Hence, Shanghai Summit Pte. Ltd. has deemed interest in the Units held by Wealthy Fountain Holdings Inc..
16. Wealthy Fountain Holdings Inc. is a significant Unitholder of New Century REIT. Wealthy Fountain Holdings Inc.'s interest is controlled by the entity stated in Note 15.
17. Sinnabar Group Limited holds 100% of the interests of Weiliang International Limited (Note 18). Hence, Sinnabar Group Limited has deemed interest in the Units held by Weiliang International Limited.
18. Weiliang International Limited is a significant Unitholder of New Century REIT. Weiliang International Limited's interest is controlled by the entity stated in Note 17.

DISCLOSURE OF INTERESTS

UNIT HOLDINGS OF THE REIT MANAGER, ITS DIRECTORS OR CHIEF EXECUTIVE

As at 30 June 2015, the interests and short position in Units of the REIT Manager, its directors or chief executive as recorded in the register required to be kept by the REIT Manager pursuant to Schedule 3 of the Trust Deed and section 352 of the SFO, or as far as the REIT Manager is aware, were as follows:

Name of the REIT Manager, Director and Chief Executive of the REIT Manager	Nature of the interest	Total Number of Issued Units Held	Approximate Percentage of the Issued Units as at 30 June 2015
Chen Miaolin ¹	Interest of corporation controlled by the Director	303,099,373(L) 181,429,000(S)	32.37%(L) 19.38%(S)
Tong JinQuan ²	Interest of corporation controlled by the Director	139,450,000(L)	14.90%(L)
New Century Asset Management Limited	Beneficial owner	8,934,373(L)	0.95%(L)
Cheung Yat Ming	Beneficial owner	61,000(L)	0.01%(L)

(L) = long position

(S) = short position

Notes:

1. Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager) is the beneficiary of a irrevocable trust with SCTS Capital Pte. Ltd. as nominee shareholder. This irrevocable trust holds 100% of the interests of Poppytown Group Limited and Poppytown Group Limited holds 83.90% of the interests of Huge Harvest. Hence, Mr. Chen Miaolin has deemed interest in the Units held by Huge Harvest.
2. Mr. Tong JinQuan (non-executive Director of the REIT Manager) holds 100% of the interests of Shanghai Summit Pte. Ltd, whereas Shanghai Summit Pte. Ltd. holds 100% of Wealthy Fountain Holdings Inc. Hence, Mr. Tong JinQuan has deemed interest in the Units held by Wealthy Fountain Holdings Inc..

Save as disclosed above, the REIT Manager is not aware of any other connected persons (within the meaning in the REIT Code) of New Century REIT holding any beneficial interest in the Units as at 30 June 2015.

BUY-BACK, SALE OR REDEMPTION OF UNITS

During the six months ended 30 June 2015, there was no buy-back, sale or redemption of the Units by the REIT Manager on behalf of New Century REIT or any of the SPVs that are owned and controlled by New Century REIT.

EMPLOYEES

New Century REIT is managed by the REIT Manager and the Trustee. By contracting out such services, New Century REIT, through its subsidiaries, has three employees in its own right as at 30 June 2015 and such costs are reimbursed by the REIT Manager.

CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the 2015 interim distribution will be 7 September 2015, Monday (“**Record Date**”). The Register of Unitholders will be closed on 7 September 2015, Monday, during which period no transfer of Units will be effected. The interim distribution is expected to be payable on 23 September 2015, Wednesday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2015 interim distribution, all properly completed transfer forms (accompanied by the relevant Unit certificates) must be lodged for registration with New Century REIT’s Unit Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 4 September 2015, Friday.

REVIEW OF INTERIM REPORT

New Century Group’s interim report for the six months ended 30 June 2015 has been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager in accordance with their respective terms of reference. New Century REIT’s condensed consolidated financial statements for the six months ended 30 June 2015 have not been audited but have been reviewed by PricewaterhouseCoopers, external auditors of New Century REIT, in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**TO THE BOARD OF DIRECTORS OF NEW CENTURY ASSET MANAGEMENT LIMITED
(THE “REIT MANAGER”)
(AS THE MANAGER OF NEW CENTURY REAL ESTATE INVESTMENT TRUST)**

INTRODUCTION

We have reviewed the interim financial information set out on pages 29 to 62, which comprises the interim condensed consolidated balance sheet of New Century Real Estate Investment Trust (“**New Century REIT**”) and its subsidiaries (together, the “**Group**”) as at 30 June 2015 and the related interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, distribution statement, interim condensed consolidated statement of net assets attributable to unitholders and changes in equity and interim condensed consolidated statement of cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the REIT Manager are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 21 August 2015



INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT



For the six months ended 30 June 2015

	Notes	Unaudited	
		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Revenue	6	148,998	120,999
Operating expenses	7	(32,259)	(28,233)
Other gains/(losses) – net	9	323	(271)
Change in fair values of investment properties	13	(65,133)	(2,729)
Operating profit		51,929	89,766
Finance income	10	4,629	2,119
Finance costs	10	(40,431)	(44,149)
Profit before taxation and transactions with unitholders		16,127	47,736
Income tax expense	11	(14,873)	(31,580)
Profit for the period, before transactions with unitholders		1,254	16,156
– Profit attributable to unitholders		1,092	15,357
– Profit attributable to non-controlling interests		162	799
		1,254	16,156

The notes on pages 37 to 62 are an integral part of the condensed consolidated interim financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

	Attributable to			
	Unitholders before transactions with unitholders (Unaudited) RMB'000	Transactions with unitholders (Note (i)) (Unaudited) RMB'000	Unitholders after transactions with unitholders (Unaudited) RMB'000	Attributable to non-controlling interests (Unaudited) RMB'000
Profit for the six months ended 30 June 2014	15,357	(15,357)	-	799
Other comprehensive income	-	-	-	-
Total comprehensive income for the six months ended 30 June 2014 (Note (ii))	<u>15,357</u>	<u>(15,357)</u>	<u>-</u>	<u>799</u>
Profit for the six months ended 30 June 2015	1,092	(1,092)	-	162
Other comprehensive income	-	-	-	-
Total comprehensive income for the six months ended 30 June 2015 (Note (ii))	<u>1,092</u>	<u>(1,092)</u>	<u>-</u>	<u>162</u>

Notes:

- (i) Transactions with unitholders comprises total profit and other comprehensive income attributable to unitholders for the period.
- (ii) In accordance with the trust deed dated 10 June 2013 and as amended by the supplemental trust deeds dated 20 June 2013 and 15 June 2015 (the "Trust Deed"), New Century REIT is required to distribute to unitholders not less than 90% of total distributable income for each financial period. Accordingly, the units contain contractual obligations of the trust to pay cash distributions and also upon termination of the trust, to share all net cash proceeds derived from the sales on realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The unitholders' funds are therefore classified as a financial liability rather than equity in accordance with International Financial Reporting Standards issued by International Accounting Standards Board. Consistent with unitholders' funds being classified as a financial liability, the distribution to unitholders and change in net assets attributable to unitholders, excluding issuance of new units and transactions with controlling shareholders, are part of finance costs.

The notes on pages 37 to 62 are an integral part of the condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET



As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	12	56	110
Investment properties	13	4,805,000	4,870,000
Other long-term assets	14	2,152	3,424
		<u>4,807,208</u>	<u>4,873,534</u>
Current assets			
Trade and other receivables and prepayments	15	3,933	2,545
Amount due from related parties	24(c)	40,546	48,929
Restricted cash	16	68,471	43,768
Cash and cash equivalents	16	246,173	187,345
		<u>359,123</u>	<u>282,587</u>
Total Assets		<u>5,166,331</u>	<u>5,156,121</u>
Current liabilities			
Trade and other payables	17	29,695	32,880
Amount due to related parties	24(c)	82,297	83,957
Current income tax liabilities		14,447	19,023
Derivative financial instruments	18	11,024	10,407
Borrowings	19	225,355	110,590
		<u>362,818</u>	<u>256,857</u>
Non-current liabilities, other than net assets attributable to unitholders			
Borrowings	19	1,446,428	1,461,356
Deferred income tax liabilities	20	823,131	828,972
		<u>2,269,559</u>	<u>2,290,328</u>
Total liabilities, other than net assets attributable to unitholders		<u>2,632,377</u>	<u>2,547,185</u>
Net assets attributable to unitholders	21	<u>2,508,161</u>	<u>2,583,305</u>
Total liabilities		<u>5,140,538</u>	<u>5,130,490</u>
Net assets		<u>25,793</u>	<u>25,631</u>



INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2015

	Notes	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-controlling interests		25,793	25,631
Total equity		25,793	25,631
Net current (liabilities) /assets		(3,695)	25,730
Total assets less current liabilities		4,803,513	4,899,264
Net assets attributable to unitholders	21	2,508,161	2,583,305
Units in issue ('000)	21	936,218	931,140
Net assets attributable to unitholders per unit	21	RMB2.6790	RMB2.7743

The interim condensed consolidated financial information on pages 29 to 62 was approved by the Board of Directors of the REIT Manager on 21 August 2015 and were signed on its behalf.

Chen Miaolin
Chairman

Cheung Yat Ming
Executive Director

The notes on pages 37 to 62 are an integral part of the condensed consolidated interim financial information.

DISTRIBUTION STATEMENT



For the six months ended 30 June 2015

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Profit attributable to unitholders	1,092	15,357
Adjustments for the total distributable income:		
– Fair value change on investment properties attributable to unitholders	64,225	2,702
– Deferred taxation in respect of investment properties and tax losses attributable to unitholders	(5,232)	12,761
– Unrealised net foreign exchange (gains)/losses on financing activities	(1,316)	13,723
– Fair value losses on derivative financial instruments	617	554
– REIT Manager fee payable in units in lieu of cash	12,613	10,506
– Depreciation of property, plant and equipment	54	–
– Amortisation of transaction costs of the bank borrowings	10,888	8,918
Total distributable income (i)	82,941	64,521
Total distribution amount to be paid (ii)	82,941	64,521
Distribution per unit (iii)	RMB0.0886	RMB0.0832
Distribution per unit for the six months ended 30 June 2014 after taking into account the effect of Distribution Waivers (iv)		RMB0.0973

Notes:

- (i) Under the terms of the Trust Deed, the total distributable income is the consolidated profit or loss after income tax attributable to unitholders adjusted to eliminate the effects of certain non-cash and other adjustments which have been recorded in the consolidated income statement for the relevant period.
- (ii) In accordance with the Trust Deed, New Century REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial year. The REIT Manager has decided to distribute 100% of New Century REIT's total distributable income for the six months ended 30 June 2015 (For the six months ended 30 June 2014: 100%).
- (iii) The distribution per unit of RMB0.0886 (For the six months ended 30 June 2014: RMB0.0832) for the six months ended 30 June 2015 is calculated by dividing New Century REIT's total distributable income of RMB82,941,000 (For the six months ended 30 June 2014: RMB64,521,000) for the period by 936,217,873 (As at 30 June 2014: 775,840,504) units in issue as at 30 June 2015.



DISTRIBUTION STATEMENT

For the six months ended 30 June 2015

- (iv) Pursuant to the Distribution Waiver Deeds on 17 June 2013 ("**Distribution Waivers**"), Huge Harvest International Limited ("**Huge Harvest**") and Blue Sky Holdings Limited ("**Carlyle Blue Sky**") have each agreed to irrevocably waive their respective entitlements to receive any distribution payable for the period from the date of listing to 31 December 2013 and for the year ended 31 December 2014. The total number of units waived for receiving distribution as at 30 June 2014 were 113,000,000 units.
- (v) A special distribution with total amount of RMB27,000,000 was declared and approved by board of directors of the REIT Manager on 25 August 2014 ("**Special Distribution**").
- (vi) On 31 July 2014, New Century REIT has acquired all the issued shares of Strong Tower Global Limited from Success Conquer Global Limited (the "**Vendor**"), in which 135,000,000 placement units, 15,000,000 consideration units and 1,369,782 units to the REIT Manager as acquisition fee were issued by New Century REIT, with 151,369,782 units in total issued upon the completion of the acquisition.

The distribution per unit after taking into account the effect of additional issued and waived units in the acquisition is set out as below:

Number of units entitled to receive any distribution (after taking into account the Distribution Waivers) as at 30 June 2014	662,840,504
Add: Additional units issued in the acquisition	151,369,782
Less: New units waived for receiving any distribution (a)	<u>(22,099,988)</u>
 Total number of units entitled to receive any distribution (after taking into account the Distribution Waivers and the New Distribution Waivers)	 <u><u>792,110,298</u></u>
 Distribution per unit (after taking into account the effect of the Distribution Waivers, the New Distribution Waivers and the Special Distribution) (b)	 <u><u>RMB 0.1155</u></u>

- (a) On 25 June 2014, the Vendor and Huge Harvest have each entered into a Vendor Distribution Waiver Deed and a Huge Harvest Distribution Waiver Deed respectively (collectively referred to as the "**New Distribution Waivers**") and pursuant to which the Vendor and Huge Harvest agreed to waive their entitlement to receive any distributions payable with a record date after the issuance of the consideration units and in respect of the period ending on 31 December 2014. The number of units then waived by the Vendor and Huge Harvest were 15,000,000 units and 7,099,988 units respectively.
- (b) The distribution per unit of RMB0.1155 for the six months ended 30 June 2014 is calculated by dividing New Century REIT's total distributable income of RMB64,521,000 for the period plus Special Distribution of RMB27,000,000 by 792,110,298 units, after taking into account the effect of Distribution Waivers and the New Distribution Waivers.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND CHANGES IN EQUITY



For the six months ended 30 June 2015

	Notes	Equity (Unaudited)		
		Net assets attributable to unitholders (Unaudited) RMB'000	Non-controlling interests RMB'000	Total (Unaudited) RMB'000
At 1 January 2014		2,368,015	24,446	2,392,461
Profit for period		15,357	799	16,156
Distributions paid to unitholders		(81,369)	–	(81,369)
Issuance of units		10,553	–	10,553
At 30 June 2014		<u>2,312,556</u>	<u>25,245</u>	<u>2,337,801</u>
At 1 January 2015		2,583,305	25,631	2,608,936
Profit for period		1,092	162	1,254
Distributions paid to unitholders	21	(89,947)	–	(89,947)
Issuance of units	21	12,340	–	12,340
Contribution from the controlling shareholders		1,371	–	1,371
At 30 June 2015		<u>2,508,161</u>	<u>25,793</u>	<u>2,533,954</u>

The notes on pages 37 to 62 are an integral part of the condensed consolidated interim financial information.



INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015

	Notes	Unaudited	
		Six months ended 30 June	
		2015	2014
		RMB'000	RMB'000
Cash flows from operating activities			
Cash generated from operations		142,089	89,801
Interest paid		(31,273)	(29,229)
Income tax paid		(25,290)	(22,350)
Net cash generated from operating activities		85,526	38,222
Cash flows from investing activities			
Purchase of investment properties		(3,394)	(2,729)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction cost		114,964	344,412
Repayment of borrowings		(23,250)	(290,250)
Distributions paid to unitholders	21	(89,947)	(81,369)
Changes of restricted cash pledged for borrowings	16	(24,703)	(7,443)
Payment of agency fee for borrowings		(368)	(540)
Net cash used in financing activities		(23,304)	(35,190)
Net increase in cash and cash equivalents		58,828	303
Cash and cash equivalents at beginning of the period	16	187,345	145,723
Cash and cash equivalent at end of the period	16	246,173	146,026

The notes on pages 37 to 62 are an integral part of the condensed consolidated interim financial information.



1 GENERAL INFORMATION

New Century Real Estate Investment Trust (“**New Century REIT**”) and its subsidiaries (together, the “**Group**”) are mainly engaged in the leasing of the hotel properties in Mainland China (“**China**”).

New Century REIT is a Hong Kong collective investment scheme constituted as a unit trust authorised under section 104 of the Securities and Futures Ordinance and was established under the Trust Deed made between New Century Asset Management Limited (the “**REIT Manager**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**”).

The address of the registered office of the REIT Manager is Unit 4706, 47th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

New Century REIT was listed on The Stock Exchange of Hong Kong Limited on 10 July 2013 (“**date of listing**”) and commenced its operation upon listing.

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”), which is also the functional currency of New Century REIT. This condensed consolidated interim financial information has been approved for issue by the board of directors of the REIT Manager on 21 August 2015.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim financial reporting’. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

As at 30 June 2015, the Group’s current liabilities exceeded its current assets by RMB3,695,000. Taking into account the unutilised committed bank loan facilities of USD32 million (RMB195,635,200 equivalent), the directors of the REIT Manager concluded that the Group has adequate resources that it can use to meet liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.



NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

- (i) New and amended standards and interpretations that have been issued and are effective for periods commencing on 1 January 2015

Amendment to IAS 19	Defined benefit plans
Annual improvements 2012	
Annual improvements 2013	

The adoption of these new and amended standards and interpretations has not had any significant effect on the accounting policies or result and financial position of the Group.

- (ii) New and amended standards that have been issued and are effective for periods commencing after 1 January 2015

		Effective date
IFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operation	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: bearer plants	1 January 2016
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendment to IAS 27	Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to IAS 1	Disclosure initiative	1 January 2016
Annual improvements 2014		1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018

The Group is in the process of making an assessment of the impact of these new standards, amendments and interpretations to existing standards on the financial statements of the Group in the initial application. The adoption of the above is not expected to have a material effect on the Group's operating results and financial position.

4 ESTIMATES

The preparation of the condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, and cash flow interest rate risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, they should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in the risk management policies since the year end.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

5.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

For the six months ended 30 June 2015

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation (Continued)

The following table presents the Group's financial liabilities that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Liabilities				
Financial liabilities at fair value through profit or loss				
As at 30 June 2015 (Unaudited)				
Derivative financial instruments	–	11,024	–	11,024
As at 31 December 2014 (Audited)				
Derivative financial instruments	–	10,407	–	10,407

There were no transfers among Levels 1, 2 and 3 during the period.

There were no changes in valuation techniques during the period.

5.4 Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs are not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

6 REVENUE AND SEGMENT INFORMATION

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Rental income from Initial Hotel Properties (a)	106,619	106,623
Rental income from Shanghai Hotel (b)	23,847	–
Other rental income (c)	18,532	14,376
	<u>148,998</u>	<u>120,999</u>

- (a) On 14 June 2013, the Group entered into a hotel lease and management agreement in respect of New Century Grand Hotel Hangzhou (杭州開元名都大酒店), New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館), New Century Grand Hotel Ningbo (寧波開元名都大酒店), New Century Grand Hotel Changchun (長春開元名都大酒店) and New Century Resort Qiandao Lake Hangzhou (杭州千島湖開元度假村) (collectively, the “**Initial Hotel Properties**”) (the “**Lease Agreement of Initial Hotel Properties**”), with Zhejiang New Century Hotel Management Limited, the lessee of Initial Hotel Properties, pursuant to which the Group is entitled to receive an annual rent (“**Total Rent of Initial Hotel Properties**”) which is calculated as 20% of the relevant hotel properties’ total operating revenue plus 34% of the relevant hotel properties’ gross operating profit from the operation of the relevant hotel properties by the lessee for a term of 10 years.

Under the terms of the Lease Agreement of Initial Hotel Properties, the lessee has guaranteed a minimum aggregate annual rent of RMB216,000,000 (“**Base Rent of Initial Hotel Properties**”) for the first five years from the commencement of the Lease Agreement of Initial Hotel Properties. If the Total Rent of Initial Hotel Properties is less than the Base Rent of Initial Hotel Properties for that year, the shortfall would be paid by the lessee to the Group. For the subsequent sixth to tenth years, the Base Rent of Initial Hotel Properties for each of the subsequent years will be the market Base Rent (“**Market Base Rent of Initial Hotel Properties**”) which is to be determined by an independent professional property valuer at least seven months prior to the commencement of each subsequent year. If the Market Base Rent of Initial Hotel Properties as determined is lower than 85% of the average annual rent received from the lessee for the first four years (the “**Reference Average Rent of Initial Hotel Properties**”), the Base Rent of Initial Hotel Properties for each subsequent year should be 85% of the Reference Average Rent of Initial Hotel Properties, instead of the Market Base Rent of Initial Hotel Properties.

For the six months ended 30 June 2015, as the Total Rent of Initial Hotel Properties is less than the pro-rated Base Rent of Initial Hotel Properties of RMB108,000,000, the shortfall of RMB21,992,324 should be paid by the lessee to the Group in accordance with the Lease Agreement of Initial Hotel Properties. Therefore the rental income from Initial Hotel Properties of RMB106,619,000 is derived from the pro-rated Base Rent of Initial Hotel Properties of RMB108,000,000 less value-added tax of RMB1,381,000 (2014: The rental income of RMB106,623,000 is derived from pro-rated Base Rent of RMB108,000,000 less value-added taxes of RMB1,377,000).

For the six months ended 30 June 2015

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

- (b) On 25 June 2014, 5 September 2014 and 23 March 2015, the Group entered into a hotel lease agreement in respect of Songjiang New Century Grand Hotel Shanghai (上海松江開元名都大酒店 “**Shanghai Hotel**”) and two supplemental agreements (collectively, “**Lease Agreement of Shanghai Hotel**”) with Shanghai Songjiang New Century Grand Hotel Limited, the lessee of Shanghai Hotel, pursuant to which the Group is entitled to receive an annual rent (“**Total Rent of Shanghai Hotel**”) which is calculated as 25% of Shanghai Hotel’s total operating revenue plus 34% of Shanghai Hotel’s gross operating profit from the operation of Shanghai Hotel by the lessee for a term of 10 years.

Under the terms of the Lease Agreement of Shanghai Hotel, the lessee has guaranteed a minimum aggregate annual rent of RMB45,580,540 (“**Base Rent of Shanghai Hotel**”) for the first five years from the commencement of the Lease Agreement of Shanghai Hotel. If the Total Rent of Shanghai Hotel is less than the Base Rent of Shanghai Hotel for that year, the shortfall would be paid by the lessee to the Group. For the subsequent sixth to tenth years, the Base Rent of Shanghai Hotel for each of the subsequent years will be the market Base Rent (“**Market Base Rent of Shanghai Hotel**”) which is to be determined by an independent professional property valuer at least seven months prior to the commencement of the sixth year. If the Market Base Rent of Shanghai Hotel as determined is lower than 85% of the average annual rent received from the lessee for the first four full financial years (the “**Reference Average Rent of Shanghai Hotel**”), the Base Rent of Shanghai Hotel for each subsequent year should be 85% of the Reference Average Rent of Shanghai Hotel, instead of the Market Base Rent of Shanghai Hotel.

The pro-rated Base Rent of Shanghai Hotel for the six months ended 30 June 2015 is RMB22,578,720. As the Total Rent of Shanghai Hotel, which is RMB23,847,000 exceeded the Base Rent of Shanghai Hotel, the rental income from Shanghai Hotel represented Total Rent of Shanghai Hotel.

- (c) Other rental income represents the rental income from the lease of commercial space, primarily office, shopping and recreational areas in hotel properties and was recognised on a straight-line basis over the periods of the respective leases.
- (d) The sole principal activity of the Group is the hotel leasing business of the hotel properties, which are all located in PRC. Therefore, the senior executive management concludes that the Group is a single reportable segment and no further analysis for segment information is presented.

7 OPERATING EXPENSES

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
REIT Manager fee (Note 8)	12,613	10,506
Urban real estate and land use tax	10,546	9,494
Business tax, surcharges and stamp duty	6,391	4,620
Auditor's remuneration	937	884
Legal and other professional fees	566	882
Trustee fee (Note 24)	512	438
Valuation fees (Note 24)	143	162
Depreciation of property, plant and equipment (Note 12)	54	54
Travelling and communication expenses	39	378
Maintenance and repairs	–	392
Miscellaneous	458	423
	<hr/>	<hr/>
Total operating expenses	32,259	28,233
	<hr/> <hr/>	<hr/> <hr/>

8 REIT MANAGER FEE

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Base Fee	7,686	6,564
Variable Fee	4,927	3,942
	<hr/>	<hr/>
	12,613	10,506
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to the Trust Deed, the REIT Manager is entitled to receive remuneration for its services as manager of New Century REIT, which is the aggregate of:

- a base fee (the “**Base Fee**”) of 0.3% per annum of the value of the deposited property as at each balance sheet date. Pursuant to the Trust Deed, the deposited property represents all the assets of New Century REIT, including all its authorized investments, for the time being and from time to time held or deemed to be held (including but not limited to through special purpose vehicles) upon the trusts of the Trust Deed and any interest arising on subscription monies from the issuance of units;
- a variable fee (the “**Variable Fee**”) of 4% per annum of net property income as defined in the Trust Deed.

The Base Fee and Variable Fee for the six months ended 30 June 2015 will be paid to the REIT Manager in the form of units based on the prevailing market price at the time of the issue of such units (2014: same as 2015).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

9 OTHER GAINS/(LOSSES) – NET

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Fair value losses on derivative financial instruments – interest rate swaps (<i>Note 18</i>)	(617)	(554)
Net foreign exchange gains/(losses)	2	(84)
Government grants (<i>a</i>)	620	42
Waived payable balances	567	–
Others	(249)	325
	<u>323</u>	<u>(271)</u>

(a) Government grants

Government grants mainly represented subsidy income from the government relating to costs and are recognised at their fair value over the period necessary to match them with the costs that they are intended to compensate.

10 FINANCE COSTS – NET

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Finance income		
– Interest income derived from bank deposits	<u>4,629</u>	<u>2,119</u>
Finance costs		
– Interest expense on bank borrowings	(31,053)	(21,201)
– Unrealised net foreign exchange gains/(losses) on financing activities	1,316	(13,723)
– Realised foreign exchange gains on financing activities	501	–
– Amortisation of transaction costs of the bank borrowings	(10,888)	(8,918)
– Agency fee	(307)	(307)
	<u>(40,431)</u>	<u>(44,149)</u>
Finance costs – net	<u>(35,802)</u>	<u>(42,030)</u>

11 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– PRC corporate income tax	20,714	19,918
Deferred income tax		
– PRC corporate income tax (<i>Note 20</i>)	(5,841)	11,662
Tax charged	14,873	31,580

(a) Hong Kong profits tax

Enterprises incorporated in Hong Kong are subject to profits tax rates of 16.5% for the six months ended 30 June 2015 and 2014. No Hong Kong profits tax has been provided for as the Group has no assessable profits in Hong Kong for the six months ended 30 June 2015 and 2014.

(b) PRC corporate income tax

Enterprises incorporated in the PRC are subject to income tax rates of 25% for the six months ended 30 June 2015 and 2014.

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

(c) PRC withholding income tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of their earnings generated from 1 January 2008.

The directors of the REIT Manager have resolved that the profit of the subsidiaries incorporated in the PRC from the date of listing to 30 June 2015 will not be distributed in the future to the parent company outside PRC. Hence, deferred income tax liabilities as at 30 June 2015 and 2014 have not been recognised for the withholding taxes that would be payable on the unremitted earnings of certain subsidiaries incorporated in the PRC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

12 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles RMB'000	Other equipment RMB'000	Total RMB'000
At 1 January 2015			
Cost	565	1	566
Accumulated depreciation	(456)	-	(456)
Net book amount	<u>109</u>	<u>1</u>	<u>110</u>
Six months ended 30 June 2015			
Opening net book amount	109	1	110
Depreciation (Note 7)	(54)	-	(54)
Closing net book amount	<u>55</u>	<u>1</u>	<u>56</u>
At 30 June 2015			
Cost	565	1	566
Accumulated depreciation	(510)	-	(510)
Net book amount	<u>55</u>	<u>1</u>	<u>56</u>
At 1 January 2014			
Cost	565	-	565
Accumulated depreciation	(349)	-	(349)
Net book amount	<u>216</u>	<u>-</u>	<u>216</u>
Six months ended 30 June 2014			
Opening net book amount	216	-	216
Depreciation (Note 7)	(54)	-	(54)
Closing net book amount	<u>162</u>	<u>-</u>	<u>162</u>
At 30 June 2014			
Cost	565	-	565
Accumulated depreciation	(403)	-	(403)
Net book amount	<u>162</u>	<u>-</u>	<u>162</u>

Depreciation of property, plant and equipment has been charged to the "operating expense" in the interim condensed consolidated income statement (Note 7).

13 INVESTMENT PROPERTIES

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Investment properties	<u>4,805,000</u>	<u>4,870,000</u>

The investment properties were located in the PRC held on land use rights of 35 – 40 years.

As at 30 June 2015, the Initial Hotel Properties with carrying amount of RMB3,975,000,000 (As at 31 December 2014: RMB4,060,000,000) were pledged as collateral for the Group's bank borrowings (Note 19).

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
At fair value		

At fair value

Opening balance	4,870,000	4,190,000
Additions	133	2,729
Fair value losses (a)	(65,133)	(2,729)
Closing balance	<u>4,805,000</u>	<u>4,190,000</u>

(a) The investment properties were revalued at 30 June 2015 and 2014 by DTZ Debenham Tie Leung Limited.

The fair value measurement information for these investment properties in accordance with IFRS13 are given below:

Description	Fair value measurements at 30 June 2015 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
	Recurring fair value measurements		
Investment properties:			
– Initial Hotel Properties	–	–	3,975,000
– Shanghai Hotel	–	–	830,000
	<u>–</u>	<u>–</u>	<u>4,805,000</u>

Recurring fair value measurements

Investment properties:

– Initial Hotel Properties	–	–	3,975,000
– Shanghai Hotel	–	–	830,000
	<u>–</u>	<u>–</u>	<u>4,805,000</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

13 INVESTMENT PROPERTIES (CONTINUED)

Description	Fair value measurements at 31 December 2014 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000

Recurring fair value measurements

Investment properties:

– Initial Hotel Properties	–	–	4,060,000
– Shanghai Hotel	–	–	810,000
	–	–	4,870,000

There were no transfers among Levels 1, 2 and 3 during the period.

Investment properties which have fair value measurement using significant unobservable input (Level 3):

	Unaudited Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Opening balance	4,870,000	4,190,000
Additions	133	2,729
Fair value losses	(65,133)	(2,729)
Closing balance	4,805,000	4,190,000

Valuation techniques

For hotel properties, the valuation was determined using discounted cash flow (“DCF”) projections based on significant unobservable inputs. These input include:

Future rental cash inflows Based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties;

Discount rates Reflecting current market assessments of the uncertainty in the amount and timing of cash flows;

13 INVESTMENT PROPERTIES (CONTINUED)**Valuation techniques** (Continued)

Maintenance costs	Including necessary investments to maintain functionality of the property for its expected useful life;
Terminal value	Taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

There were no changes in valuation techniques during the period.

14 OTHER LONG-TERM ASSETS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Fee paid for undrawn bank facilities	2,152	2,874
Others	<u>-</u>	<u>550</u>
	<u>2,152</u>	<u>3,424</u>

15 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Trade receivables (a)	2,459	2,351
Other receivables	1,388	19
Prepayments	<u>86</u>	<u>175</u>
Trade and other receivables and prepayments - net	<u>3,933</u>	<u>2,545</u>

As at 30 June 2015 and 31 December 2014, the fair values of the trade and other receivables of the Group, except for the prepayments which are not financial assets, approximated their carrying amounts.

- (a) As at 30 June 2015 and 31 December 2014, the trade receivables represent the rental income receivables from the lessees and were all within 90 days.

As at 30 June 2015 and 31 December 2014, all the trade receivables were pledged as collateral for the Group's bank borrowings (Note 19).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

16 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Cash at bank and on hand (a)	314,644	231,113
Less: Restricted cash (b)	(68,471)	(43,768)
Cash and cash equivalents	<u>246,173</u>	<u>187,345</u>

Cash and cash equivalents and restricted cash are denominated in the following currencies:

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Cash at bank and in hand:		
RMB	271,450	183,712
USD	42,685	46,836
HKD	509	565
	<u>314,644</u>	<u>231,113</u>

- (a) All cash at bank are deposits with original maturity within 3 months. The Group earns interest on cash at bank, including restricted cash, at floating bank deposit rates.
- (b) Restricted cash represents guaranteed deposits held in reserve accounts pledged to the bank as security deposits under bank borrowing agreements (Note 19).

17 TRADE AND OTHER PAYABLES

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Trade payables (a)	6,151	7,578
Other payables	5,291	6,030
Advance from customers	3,107	1,990
Interest payables	9,577	9,797
Accrued taxes other than income tax	4,540	5,085
Dividends payable (b)	1,029	2,400
	<u>29,695</u>	<u>32,880</u>

17 TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The aging analysis of the trade payables was as follows:

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Trade payables		
– Within 90 days	227	1,934
– Over 90 days and within 360 days	1,958	4,374
– Over 360 days and within 720 days	2,893	598
– Over 720 days	1,073	672
	6,151	7,578

As at 30 June 2015 and 31 December 2014, all trade and other payables of the Group were non-interest bearing.

- (b) This represents the dividends payable by Zhejiang Spearhead Investment Limited (浙江銳至投資股份有限公司), one subsidiary of the Group and with 95.46% interest held by the Group. In 2015, one of the former shareholders, New Century International Controlling Co., Ltd. (“**New Century International**”), has resolved to waive its dividends receivable from Zhejiang Spearhead Investment Limited, with amount of RMB1,371,000. As New Century International is also controlled by the immediately controlling party of New Century REIT, the waived dividends are deemed as contribution from the controlling shareholders as set out in Note 24(a) and recorded in “Net assets attributable to unitholders” (Note 21).

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
Interest rate swaps	11,024	10,407

The Group has entered into interest rate swaps with commercial banks, which have the economic effect of converting the interest rate of borrowings from floating rates to fixed rates. Nevertheless, the interest rate swaps were not accounted for as hedging instruments as the conditions for hedge accounting were not met during the six months ended 30 June 2015 and the year ended 31 December 2014. As at 30 June 2015, the notional principal amounts of the outstanding interest rate swaps were USD221,000,000 (As at 31 December 2014: USD221,000,000) and the fixed interest rate were 3.45% to 3.70% per annum (As at 31 December 2014: 3.45% to 3.70% per annum). Gains and losses arising from the fair value change of the interest rate swaps were recognised in the interim condensed consolidated income statement in “Other gains/(losses) - net” (Note 9).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

19 BORROWINGS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Non-current		
Principle of bank borrowings – secured (a)	1,472,606	1,497,049
Less: Transaction costs	(25,804)	(35,245)
Current portion of non-current borrowings	(374)	(448)
	<u>1,446,428</u>	<u>1,461,356</u>
Current		
Current portion of non-current borrowings	374	448
Bank borrowings – secured (a)	224,981	110,142
	<u>225,355</u>	<u>110,590</u>

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Opening balance	1,571,946	1,159,517
Additions of borrowing – net	114,964	344,412
Repayments of borrowings	(23,250)	(290,250)
Amortization using the effective interest method	9,434	1,157
Exchange difference	(1,311)	13,723
Closing balance	<u>1,671,783</u>	<u>1,228,559</u>

The maturity of borrowings is as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
On demand or within 1 year	225,355	110,590
Between 1 and 2 years	1,090,058	1,106,943
Between 2 and 3 years	356,370	354,413
	<u>1,671,783</u>	<u>1,571,946</u>

19 BORROWINGS (CONTINUED)

- (a) Bank borrowings – secured

Bank borrowings of the Group as at 30 June 2015 and 31 December 2014 are secured by the following:

- Investment properties (Note 13), bank deposits (Note 16) and trade receivables (Note 15 and Note 24), and guaranteed by Spearhead Investments Limited and Sky Town Investments Limited, subsidiaries of the Group (As at 31 December 2014: same as at 30 June 2015).
- Equity interest of 浙江開元酒店投資管理集團有限公司 (Zhejiang New Century Hotel Investment & Management Group Limited), 浙江銳至投資股份有限公司 (Zhejiang Spearhead Investment Limited), 寧波開元銳至投資有限公司 (Ningbo New Century Spearhead Investment Limited), 長春開元銳至投資管理有限公司 (Changchun New Century Spearhead Investment and Management Limited), 淳安千島湖開元銳至投資有限公司 (Chun'an Qiandao Lake New Century Spearhead Investment Limited), Spearhead Global Limited, Spearhead Investments Limited and Sky Town Investments Limited, 麗水惠富商貿有限公司 (Li Shui Full Wise Trading Limited) and Strong Tower Global Limited, Full Wise Industrial Limited, subsidiaries of the Group (As at 31 December 2014: same as at 30 June 2015).

20 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred income taxes related to the same tax authority. The net deferred income tax balance after offsetting are as follows:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
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Deferred income tax liabilities:

– to be recovered after more than 12 months	823,131	828,972
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The movement on the net deferred income tax liabilities is as follows:

	Unaudited Six months ended 30 June 2015 RMB'000	2014 RMB'000
Opening balance	828,972	749,870
(Credited)/charged to the interim condensed consolidated income statement (Note 11)	(5,841)	11,662
Closing balance	823,131	761,532

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

20 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES (CONTINUED)

Movement in deferred income tax assets and liabilities during the six months ended 30 June 2015 and 2014, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets	Tax losses RMB'000
Six months ended 30 June 2014	
At 1 January 2014	3,948
Charged to the interim condensed consolidated income statement	(3,793)
At 30 June 2014	<u>155</u>
Six months ended 30 June 2015	
At 1 January 2015	523
Charged to the interim condensed consolidated income statement	(523)
At 30 June 2015	<u>-</u>

Deferred income tax liabilities	Difference between tax book and accounting book in respect of investment properties RMB'000	Amortisation of transaction costs for the bank borrowings RMB'000	Others RMB'000	Total RMB'000
Six months ended 30 June 2014				
At 1 January 2014	751,606	1,758	454	753,818
Charged/(credited) to the interim condensed consolidated income statement	8,995	(870)	(256)	7,869
At 30 June 2014	<u>760,601</u>	<u>888</u>	<u>198</u>	<u>761,687</u>
Six months ended 30 June 2015				
At 1 January 2015	827,976	797	722	829,495
Credited to the interim condensed consolidated income statement	(5,951)	(250)	(163)	(6,364)
At 30 June 2015	<u>822,025</u>	<u>547</u>	<u>559</u>	<u>823,131</u>

21 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Net assets attributable to unitholders	<u>2,508,161</u>	<u>2,583,305</u>

As at 30 June 2015, the net assets attributable to unitholders per unit of RMB2.6790 is calculated by dividing the net assets attributable to unitholders of RMB2,508,161,000 by the number of unit in issue of 936,217,873 (As at 31 December 2014: the net assets attributable to unitholders per unit of RMB2.7743 is calculated by dividing the net assets attributable to unitholders of RMB2,583,305,000 by the number of unit in issue of 931,139,567).

The movement on the net assets attributable to unitholders is as follows:

	Unaudited Six months ended 30 June 2014	
	Number of units	Net assets attributable to unitholders RMB'000
Opening balance	772,000,000	2,368,015
Issuance of units	3,840,504	10,553
Profit for the period	–	15,357
Distribution paid to unitholders during the period	–	(81,369)
Closing balance	<u>775,840,504</u>	<u>2,312,556</u>

	Unaudited Six months ended 30 June 2015	
	Number of units	Net assets attributable to unitholders RMB'000
Opening balance	931,139,567	2,583,305
Issuance of units (a)	5,078,306	12,340
Profit for the period	–	1,092
Distribution paid to unitholders during the period	–	(89,947)
Contribution from the controlling shareholders (Note 17)	–	1,371
Closing balance	<u>936,217,873</u>	<u>2,508,161</u>

(a) On 27 May 2015, 5,078,306 units were issued to the REIT Manager at HK\$3.0810 each (equivalent to RMB12,340,000) as payment of REIT Manager fee for the six months ended 31 December 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

22 EARNINGS PER UNIT BASED UPON PROFIT AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

Earnings per unit based upon profit after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the profit after income tax before transaction with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Unaudited	
	Six months ended 30 June	
	2015	2014
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>1,092</u>	<u>15,357</u>
Weighted average number of units in issue	<u>932,121,560</u>	<u>773,464,060</u>
Basic earnings per unit (RMB)	<u>0.0012</u>	<u>0.0199</u>

The diluted earnings per unit is the same as the basic earnings per unit as there were no diluted instruments in issue during the period.

23 COMMITMENTS

Capital commitments

	Unaudited	Audited
	30 June 2015	31 December 2014
	RMB'000	RMB'000
In respect of investment properties, contracted but not provided for	<u>328</u>	<u>–</u>

24 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in the condensed consolidated interim financial information, the Group had the following material transactions with connected and related parties during the period:

(a) Nature of relationship with connected/related parties

The table set forth below summarizes the names of the connected/related parties and nature of their relationship with the Group as at 30 June 2015.

Connected/related party	Relationship with the Group
Chen Miaolin, Chen Canrong, Kong Weiliang and Zhang Guanming	Controlling shareholders and significant holders of New Century REIT
New Century Tourism Group Limited	Associated corporation of significant holders of New Century REIT
Hangzhou New Century Real Estate Group Limited	Associated corporation of significant holders of New Century REIT
Hangzhou New Century International Tourism Limited	Associated corporation of significant holders of New Century REIT
Hangzhou New Century Zhijiang Cleaning Chain Limited	Associated corporation of significant holders of New Century REIT
Hangzhou New Century Decorating Limited	Associated corporation of significant holders of New Century REIT
Deqing New Century Senbo Holiday Limited	Associated corporation of significant holders of New Century REIT
Hangzhou New Century Information System Engineering Limited	Associated corporation of significant holders of New Century REIT
Hangzhou Zhirong Trading Limited	Associated corporation of significant holders of New Century REIT
Chun'an Qiandao Lake Property Management Services Limited	Associated corporation of significant holders of New Century REIT
Shanghai New Century Enterprise Operation Management Limited	Associated corporation of significant holders of New Century REIT
Zhejiang New Century Hotel Management Limited and other members of its group (collectively the "Hotel Group")	Associated corporation of significant holders of New Century REIT
Shanghai Songjiang New Century Grand Hotel Limited	Associated corporation of significant holders of New Century REIT
New Century Asset Management Limited	The manager of New Century REIT
DB Trustees (Hong Kong) Limited (the "Trustee")	The Trustee of New Century REIT
DTZ Debenham Tie Leung Limited (the "Valuer")	The principal valuer of New Century REIT

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2015

24 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Transactions with connected/related parties

Rental income received/receivable from:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
The Hotel Group	108,886	108,851
Shanghai Songjiang New Century Grand Hotel Limited	23,847	–
Shanghai New Century Enterprise Operation Management Limited	3,082	–
New Century Tourism Group Limited	951	914
Hangzhou New Century Real Estate Group Limited	886	686
Deqing New Century Senbo Holiday Limited	137	132
Hangzhou New Century International Tourism Limited	126	123
Hangzhou New Century Zhijiang Cleaning Chain Limited	63	62
Hangzhou New Century Decorating Limited	58	56
Hangzhou Zhirong Trading Limited	34	33
Hangzhou New Century Information System Engineering Limited	26	25
	<u>138,096</u>	<u>110,882</u>

Rental deposit received from:

	Unaudited	
	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Shanghai Songjiang New Century Grand Hotel Limited	109	–
Hangzhou New Century Decorating Limited	–	29
Hangzhou New Century Information System Engineering Limited	–	13
	<u>109</u>	<u>42</u>

24 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Transactions with connected/related parties (continued)

Other connected party transactions:

	Unaudited Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
REIT Manager fee payable to the REIT Manager	12,613	10,506
Trustee fee payable to the Trustee	512	438
Valuation fee payable to the Valuer	143	162
	<u>13,268</u>	<u>11,106</u>

(c) Balances with connected/related parties as at 30 June 2015 and 31 December 2014 were as follows:

Trade receivables due from:

	Unaudited 30 June 2015	Audited 31 December 2014
	RMB'000	RMB'000
The Hotel Group	34,625	45,067
Shanghai Songjiang New Century Grand Hotel Limited	4,249	3,761
Hangzhou Zhirong Trading Limited	6	–
	<u>38,880</u>	<u>48,828</u>

As at 30 June 2015, all the trade receivables due from related parties were pledged as collateral for the Group's bank borrowings (Note 19).

Other receivables due from:

	Unaudited 30 June 2015	Audited 31 December 2014
	RMB'000	RMB'000
Hangzhou New Century Real Estate Group Limited	984	–
The Hotel Group	645	–
REIT Manager	37	–
Chun'an Qiandao Lake Property Management Services Limited	–	101
	<u>1,666</u>	<u>101</u>

For the six months ended 30 June 2015

24 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Balances with connected/related parties as at 30 June 2015 and 31 December 2014 were as follows: (continued)

Trade payables due to:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Hangzhou New Century Decorating Limited	<u>79</u>	<u>1,913</u>

Other payables due to:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Shanghai Songjiang New Century Grand Hotel Limited	45,583	48,000
The Hotel Group	20,434	18,118
The REIT Manager	12,613	12,317
Shanghai New Century Enterprise Operation Management Limited	1,475	1,475
New Century Tourism Group Limited	466	466
Hangzhou New Century Real Estate Group Limited	434	434
Deqing New Century Senbo Holiday Limited	67	67
Hangzhou New Century International Tourism Limited	63	63
Hangzhou New Century Zhijiang Cleaning Chain Limited	32	32
Hangzhou New Century Decorating Limited	29	29
Hangzhou Zhirong Trading Limited	17	17
Hangzhou New Century Information System Engineering Limited	13	13
The Trustee (i)	512	592
The Valuer (i)	143	331
	<u>81,881</u>	<u>81,954</u>

(i) Other payables due to the Trustee and the Valuer is recorded in "Trade and other payables" of the interim condensed consolidated balance sheet.

24 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Balances with connected/related parties as at 30 June 2015 and 31 December 2014 were as follows: (continued)

Advance from customers:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Shanghai New Century Enterprise Operation Management Limited	468	512
New Century Tourism Group Limited	159	159
Hangzhou New Century Real Estate Group Limited	148	148
The Hotel Group	148	148
Deqing New Century Senbo Holiday Limited	23	–
Hangzhou New Century International Tourism Limited	21	21
Hangzhou New Century Zhijiang Cleaning Chain Limited	11	11
Hangzhou New Century Decorating Limited	10	10
Hangzhou New Century Information System Engineering Limited	4	4
	<u>992</u>	<u>1,013</u>

(d) Director's emoluments

No directors' emoluments were paid for or are payable by the Group for the six months ended 30 June 2015 and 2014.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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25 FUTURE MINIMUM RENTAL RECEIVABLE

As at 30 June 2015, the Group has future minimum rental receivable under non-cancellable leases as follow:

	Unaudited 30 June 2015 RMB'000	Audited 31 December 2014 RMB'000
Within one year	296,105	293,264
Between one year and five years	1,044,435	1,069,947
Over five years	749,360	863,844
	2,089,900	2,227,055

26 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Acquisition of Kaifeng Hotel

On 31 July 2015, New Century REIT has acquired Kaifeng New Century Grand Hotel Limited from Hangzhou New Century Real Estate Group Limited, an associated corporation of significant holders of New Century REIT. The purchase consideration for the acquisition was approximately RMB197 million. The consideration will be financed by internal resources of New Century REIT.

(b) Repurchase of Units

In July 2015, New Century REIT has repurchased a total of 880,000 units on The Stock Exchange of Hong Kong Limited at the prevailing market price with the aggregate consideration of HK\$2,772,965 (the "Repurchase").

The distribution per unit for the six months ended 30 June 2015 after taken into account the effect of Repurchase is RMB0.0887, which is calculated by dividing New Century REIT's total distributable income of RMB82,941,000 for the period by 935,337,873 units.



	As at 30 June 2015	As at 30 June 2014
Net assets attributable to unitholders (RMB'000)	2,508,161	2,312,556
Net assets value per unit attributable to unitholders (RMB) (Equivalent to HK\$)	2.6790 3.3972	2.9807 3.7550
The highest premium of the traded price to net asset value per unit (HK\$) (<i>Note b</i>)	N/A	3.86%
The highest discount of the traded price to net asset value per unit (HK\$) (<i>Note b</i>)	11.69%	13.45%
Distribution yield per unit (<i>Note c</i>)	3.52%	4.23%
Number of units in issue (units)	936,217,873	775,840,504
Gearing ratio (<i>Note d</i>)	33%	28%
Gross liabilities as a percentage of gross assets (<i>Note e</i>)	51%	48%

Notes:

- a. Unless indicated otherwise, Hong Kong dollar amounts are based on an exchange rate of HK\$1=RMB0.7886 as at 30 June 2015 (2014: HK\$1=RMB0.7938).
- b. The highest premium is calculated based on the highest traded price of HK\$3.36 (2014: HK\$3.90) on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2015. The highest discount is calculated based on the lowest traded price of HK\$3.00 (2014: HK\$3.25) on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2015. As the highest trade price during the six months ended 30 June 2015 was HK\$3.36, which was lower than the net asset value as at 30 June 2015, no premium of the traded price to net asset value per unit was presented for 30 June 2015.
- c. Distribution yield per unit for 2015 is calculated based on the distribution per unit of RMB0.0887 (equivalent to HK\$0.1075) (after taking into account the effect of the Repurchase) for the six months ended 30 June 2015 over the closing price of HK\$3.05 as at 30 June 2015. Distribution yield per unit for 2014 is calculated based on distribution per unit of RMB0.1155 (equivalent to HK\$0.1454) for the six months ended 30 June 2014 over the closing price of HK\$3.44 as at 30 June 2014.
- d. Gearing ratio is calculated based on gross borrowings excluding transaction costs over total asset value as at the end of reporting period.
- e. It is calculated based on total liabilities excluding transaction costs on borrowings and net assets attributable to unitholders over total asset value at the end of reporting period.





THE REIT MANAGER AND REGISTERED OFFICE

New Century Asset Management Limited
Unit 4706, 47th Floor,
The Center, 99 Queen's Road Central
Hong Kong
Tel: (852) 2153 3588
Fax: (852) 3488 6403

BOARD OF DIRECTORS OF THE REIT MANAGER

CHEN Miaolin
(Chairman and Non-executive Director)
CHEUNG Yat Ming
(Chief Executive Officer and Executive Director)
ZHANG Guanming
(Non-executive Director)
ZHANG Chi
(with JIANG Tianyi as his alternate)
(Non-executive Director)
TONG JinQuan
(Non-executive Director)
(appointed on 19 January 2015)
ANGELINI Giovanni
(Independent Non-executive Director)
YU Hon To, David
(Independent Non-executive Director)
HE Jianmin
(Independent Non-executive Director)

RESPONSIBLE OFFICERS OF THE REIT MANAGER

CHEUNG Yat Ming
HO Wai Chu

APPROVED PERSON OF THE REIT MANAGER

CHEUNG Yat Ming

COMPANY SECRETARY OF THE REIT MANAGER

YU Hoi Zin

TRUSTEE

DB Trustees (Hong Kong) Limited

AUDITORS

PricewaterhouseCoopers

PRINCIPAL VALUER

DTZ Debenham Tie Leung Limited

LEGAL ADVISOR

Cadwalader, Wickersham & Taft

UNIT REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PROPERTY MANAGER

Zhejiang New Century Hotel Management Limited

STOCK CODE

1275

WEBSITE

www.ncreit.com





ADR	average daily rate, which means room revenue divided by rooms in use.
Carlyle Group	The Carlyle Group, a global alternative asset manager with approximately US\$193 billion in assets under management with 128 funds and 159 fund of funds vehicles investing in corporate private equity, real assets, global market strategies and fund of funds solutions as at 30 June 2015.
Changchun New Century Grand	Changchun New Century Spearhead Investment and Management Limited* (長春開元銳至投資管理有限公司, previously 長春開元名都大酒店有限公司), a wholly-owned subsidiary of Zhejiang New Century Hotel incorporated in the PRC on 13 November 2007.
Connected Person(s)	has the meaning ascribed to it in the REIT Code.
Directors	the directors of the REIT Manager.
Full Wise HK	Full Wise Industrial Limited (惠富實業有限公司), a company incorporated in Hong Kong on 20 September 2012 and a wholly-owned subsidiary of New Century REIT.
Gross Floor Area or GFA	means, in respect of a property, the gross floor area of that property being the area contained within the external walls of the building measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in the building, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof), and the thickness of external walls of the building excluding any floor space that is constructed or intended to be used solely for parking motor vehicles, loading or unloading of motor vehicles, or for refuse storage chambers, material recovery chambers, refuse chutes, refuse hopper rooms and other types of facilities provided to facilitate the separation of refuse, or for access facilities for telecommunications and broadcasting services, or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service.
Huge Harvest	Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the British Virgin Islands on 11 January 2008, 83.90%, 9.29% and 6.81% of its issued shares are ultimately owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively as at 30 June 2015.
Kaifeng Hotel	New Century Grand Hotel Kaifeng (開封開元名都大酒店).



DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Listing Rules	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong limited, as amended, supplemented and/or otherwise modified from time to time.
Lishui Full Wise	Lishui Full Wise Trading Limited* (麗水惠富商貿有限公司), a company incorporated in the PRC on 25 February 2013 and a wholly-owned subsidiary of New Century REIT.
New Century (Cayman)	New Century Hotel Group Limited (開元酒店集團有限公司), a company incorporated in the Cayman Islands on 24 March 2011.
New Century Group	New Century (Cayman) and its subsidiaries.
New Century Hotel Management	Zhejiang New Century Hotel Management Limited* (浙江開元酒店管理有限公司), a company incorporated in the PRC on 17 December 2008 and whose registered address is 18th Floor, 818 Shixin Zhong Road Beigan Street, Xiaoshan District, Hangzhou, PRC.
New Century Tourism	New Century Tourism Group Limited* (開元旅業集團有限公司), a company incorporated in the PRC on 9 January 2001.
Ningbo New Century Grand	Ningbo New Century Spearhead Investment Limited* (寧波開元銳至投資有限公司, previously 寧波開元名都大酒店有限公司), a wholly-owned subsidiary of Zhejiang New Century Hotel incorporated in the PRC on 1 December 2004.
Offering Circular	offering circular of New Century REIT dated 24 June 2013 and as supplemented on 29 June 2013.
PRC or China	the People's Republic of China.
Property Companies	Changchun New Century Grand, Zhejiang New Century Hotel, Ningbo New Century Grand, Qiandao Lake Resort, Xiaoshan Hotel Company and Shanghai Songjiang Hui Wei.
Qiandao Lake Resort	Chun'an Qiandao Lake New Century Spearhead Investment Limited* (淳安千島湖開元銳至投資有限公司, previously 杭州千島湖開元度假村開發有限公司), a wholly-owned subsidiary of Zhejiang New Century Hotel incorporated in the PRC on 15 January 2001.
REIT Code	the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being or, for the purpose of the Trust Deed, from time to time, including but not limited by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

SFC	the Securities and Futures Commission of Hong Kong.
SFO	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, supplemented or otherwise modified and the rules thereunder.
Shanghai Hotel	Songjiang New Century Grand Hotel Shanghai (上海松江開元名都大酒店).
Shanghai Songjiang Hui Wei	Shanghai Songjiang Hui Wei Asset Management Limited* (上海松江輝維資產有限公司), a company incorporated in the PRC on 17 April 2013 and a wholly-owned subsidiary of New Century REIT.
Significant Holder(s)	has the meaning ascribed to this term in the REIT Code.
Sky Town	Sky Town Investments Limited, a company incorporated in Hong Kong on 22 May 2007 and a wholly-owned subsidiary of New Century REIT.
Special Purpose Vehicle(s) (“SPV(s)”)	the entities wholly or majority owned directly or indirectly by New Century REIT in accordance with the REIT Code through which New Century REIT holds or owns real estate, and as at 30 June 2015, including SPV (BVI), SPV (HK), Sky Town, Strong Tower, Full Wise HK, Lishui Full Wise and the Property Companies.
SPV (BVI)	Spearhead Global Limited, a company incorporated in the British Virgin Islands on 8 March 2013 and a wholly-owned subsidiary of New Century REIT.
SPV (HK)	Spearhead Investments Limited (銳至投資有限公司), a company incorporated in Hong Kong on 25 March 2013 and a wholly-owned subsidiary of New Century REIT.
sq.m.	means square meter.
Strong Tower	Strong Tower Global Limited, a company incorporated in the British Virgin Islands on 13 January 2014 and a wholly-owned subsidiary of New Century REIT.
substantial shareholder	has the meaning ascribed to this term under the Listing Rules.
Trust Deed	the trust deed dated 10 June 2013 entered into between the Trustee and the REIT Manager constituting New Century REIT and as amended by the supplemental trust deed dated 20 June 2013 and the second supplemental trust deed dated 15 June 2015 (as may be further amended and supplemented from time to time).

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Unit(s)	unit(s) of New Century REIT.
Unitholder(s)	holders of the Units from time to time.
Xiaoshan Hotel Company	Zhejiang Spearhead Investment Limited* (浙江銳至投資股份有限公司, previously 浙江蕭山賓館股份有限公司), a joint stock company (non-listed) incorporated in the PRC on 8 September 1994, which is approximately 95.46% owned by Zhejiang New Century Hotel, and approximately 4.54% owned by 29 independent third parties.
Zhejiang New Century Hotel	Zhejiang New Century Hotel Investment & Management Group Limited* (浙江開元酒店投資管理集團有限公司), a company incorporated in the PRC on 30 November 2001.

The English translation of company names in Chinese or another language which are marked with “” and the Chinese translation of company names in English which are marked with “*” are for identification purposes only.*

Songjiang New Century
Grand Hotel Shanghai
上海松江開元名都大酒店

New Century Grand
Hotel Changchun
長春開元名都大酒店

New Century Grand Hotel Kaifeng
開封開元名都大酒店



New Century Real Estate Investment Trust
開元產業投資信託基金
(Stock code: 1275)