



# 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

### INTERIM REPORT

# 2016



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## NEW CENTURY REAL ESTATE INVESTMENT TRUST

The unaudited consolidated financial statements of New Century Real Estate Investment Trust (“**New Century REIT**”) and its subsidiaries (the “**Group**”) for the six months ended 30 June 2016 (the “**Reporting Period**”), having been reviewed by the audit committee (the “**Audit Committee**”) and disclosures committee (the “**Disclosures Committee**”) of New Century Asset Management Limited (the “**REIT Manager**”), were approved by the board of directors of the REIT Manager (the “**Board**”) on 24 August 2016.

## LONG-TERM OBJECTIVES AND STRATEGY

The REIT Manager continues its strategy of investing on a long-term basis in a diversified portfolio of income-producing real estates globally, with the aim to deliver regular and stable distributions to the unitholders of New Century REIT (“**Unitholders**”) and achieve long-term growth in distributions and in the net asset value per unit of New Century REIT (“**Unit**”) while maintaining an appropriate capital structure.

New Century REIT has two 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 currently the largest domestic, private-sector, star-rated hotel management group in China with 203 star-rated hotels in operations or under development. In addition, New Century Group was ranked 25th (ranked 26th in 2014) among the world’s hotel groups by Hotels Magazine in 2015. The Carlyle Group is a global alternative asset manager with approximately US\$176 billion in assets under management with 128 funds and 170 fund of funds vehicles investing in corporate private equity, real assets, global market strategies and fund of funds solutions as at 30 June 2016.

For the six months ended 30 June 2016, New Century REIT’s portfolio comprises six 5-Star hotels and one 4-Star hotel, 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), New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館), Songjiang New Century Grand Hotel Shanghai (上海松江開元名都大酒店) and New Century Grand Hotel Kaifeng (開封開元名都大酒店) (the “**Hotel Properties**”). The Hotel Properties are located in China with an aggregate of 2,823 rooms and 445,629 square meters in total gross floor area (“**GFA**”). Most of the hotels within our portfolio were rated the top 3.0% best hotels in the respective cities in China by TripAdvisor.com as of 1 August 2016.

On 9 August 2016, New Century REIT completed the acquisition of the 4-Star hotel Holiday Inn Eindhoven, (荷蘭開元假日酒店－埃因霍溫), located in Eindhoven, the Netherlands (the “**Netherlands Hotel**”) (the “**Acquisition**”). The Acquisition of the Netherlands Hotel expanded the overall geographic diversification of New Century REIT and increased its number of rooms by 7.3% to 3,029 and GFA by 2.6% to 457,306 square meters.

# FINANCIAL HIGHLIGHTS

## REPORT OF THE REIT MANAGER

### KEY FINANCIAL FIGURES FOR THE REPORTING PERIOD

(expressed in RMB'000 unless otherwise specified)

	For the six months ended 30 June 2016 (unaudited)	For the six months ended 30 June 2015 (unaudited)	Percentage Increase/ (Decrease)
Total Revenue	<b>157,255</b>	148,998	5.5%
Profit attributable to Unitholders	<b>1,081</b>	1,092	(1.0%)
Total distributions for the period	<b>77,757</b>	82,941	(6.3%)

Per Unit Figures			
Payout Ratio	<b>100%</b>	100%	0%
Total distribution per unit ("DPU") <sup>1</sup> (RMB)	<b>0.0823</b>	0.0887	(7.2%)
Total distribution per unit ("DPU") <sup>1</sup> (HK\$) <sup>2</sup>	<b>0.0961</b>	0.1075	(10.6%)

	As at 30 June 2016	As at 31 December 2015	Percentage/ Increase (Decrease)
Net asset value per unit attributable to Unitholders (RMB)	<b>2.4545</b>	2.5406	(3.4%)
Net asset value per unit attributable to Unitholders (HK\$) <sup>2</sup>	<b>2.8718</b>	3.0325	(5.3%)
<b>Ratio</b>			
Gearing ratio <sup>3</sup>	<b>40%</b>	37%	3.0%

Notes:

- The DPU of RMB0.0823 for the six months ended 30 June 2016 is calculated by dividing the total distributable income of RMB77,757,000 for the six months ended 30 June 2016 by 945,215,252 Units being the total number of Units in issue as at 30 June 2016 after taking into account the 70,000 Units repurchased in June 2016 and cancelled in July 2016.

The DPU of RMB0.0887 for the six months ended 30 June 2015 is calculated by dividing the total distributable income of RMB82,941,000 for the six months ended 30 June 2015 by 935,337,873 Units being the total number of Units in issue as at 30 June 2015 after taking into account the 880,000 Units repurchased and cancelled in July 2015.

- Unless indicated otherwise, amounts specified in Hong Kong dollars are based on an exchange rate of HK\$1=RMB0.8547 as at 30 June 2016 (2015: HK\$1=RMB0.7886) while amounts specified in United States dollars are based on the exchange rate of US\$1=RMB6.6312 as at 30 June 2016 (June 2015: US\$1=RMB6.1136). 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=RMB0.8567 (2015: HK\$1=RMB0.8248), 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.
- Gearing ratio is calculated based on the total of gross borrowings excluding transaction costs and loan from a related party over total asset value as at the end of Reporting Period.

# CHAIRMAN'S STATEMENT

## Dear Unitholders,

On behalf of the Board of the REIT Manager, I am pleased to present the interim results of the Group for the Reporting Periods.

The revenue of New Century REIT for the Reporting Period was RMB157 million, increased by 5.5% from the same period last year. The total distribution per Unit ("DPU") of New Century REIT for the Reporting Period was RMB0.0823 or equivalent to HK\$0.0961, based on a payout ratio of 100%, representing an annualized distribution yield of 8.2% based on the closing unit price of HK\$2.37 on 30 June 2016.

Since the beginning of 2016, we have seen a noticeable pick-up in our China hotel performance especially on Food-and-Beverage ("F&B"). Despite the general decline of the Chinese economy, tighter corporate budgets on travel expenses and luxury F&B, and the increase in competition in certain cities, our portfolio demonstrated its resilience. Overall occupancy increased by 1.7% points year-on-year, resulting in a 2.8% increase in average revenue per available room ("RevPAR"). The overall F&B revenue increased by 8.5% year-on-year. Benefitting from the continuous support of tourism policies from the People's Republic of China Central Government, we hope that the trend will continue for the remaining period of 2016.

Asia remains the most dynamic part of the global economy but is facing headwind from a weak global recovery, slowing global trade, and the short-term impact of China's growth transition. Despite this, our unique "high base rent long-term lease" structure has continued to provide strong downside protection.

Nevertheless, leveraging on New Century Group's 203 star-rated hotels platform, our Hotel Properties were managed cost efficiently through significant cost savings on items such as salaries and wages, utilities, and sales and marketing. Besides, New Century Group increased its Century Club loyalty memberships by 19% from end of 2015 to approximately 3.5 million at end of June 2016, which significantly increased potential customers' awareness of our brand and thus businesses for our hotels.

## PROSPECTS

Our hotel performances have continued to improve subsequent to the Reporting Period. Being a key element for driving China consumption growth, tourism industry will continue to benefit from the supportive government policies and the stabilization of Chinese economy. The Acquisition of the Netherlands Hotel will start to contribute positively to our DPU in 2017 onwards.

With the slowing down of new hotel investment and construction due to the general decline of economy, we anticipate that this will help rebalance supply and demand dynamics in the medium term. Looking ahead, China's economic transformation should support higher average room rate and F&B charges, thus resulting in higher profitability of the hospitality sector. We therefore remain positive in the medium to long-term outlook of China's hotel industry.

Subsequent to the Acquisition of the Netherlands Hotel, we are actively pursuing other overseas investment opportunities that deliver long-term stable income to the Unitholders. We believe that investing in different asset classes with stable long-term income streams across the globe will help maximize the long-term sustainable growth of New Century REIT and diversify the risks from a single market.

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, 24 August 2016

# REPORT OF THE REIT MANAGER

## Dear Unitholders,

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

## KEY FINANCIAL HIGHLIGHTS

The revenue and distributable income of New Century REIT for the Reporting Period were RMB157 million (2015: RMB149 million) and RMB78 million (2015: RMB83 million) respectively, increased by 5.5% and decreased by 6.3% year-on-year (“YoY”) respectively. The DPU of New Century REIT for the Reporting Period was RMB0.0823 (2015: RMB0.0887) or equivalent to HK\$0.0961 (2015: HK\$0.1075), based on a payout ratio of 100%. The annualized distribution yield was 8.2% based on the closing unit price of HK\$2.37 on 30 June 2016.

Revenue of New Century REIT for the Reporting Period was made up of (i) RMB138 million (2015: RMB130 million) rental income in respect of the leases of the Hotel Properties and (ii) RMB19 million (2015: RMB19 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 demonstrated a stabilizing trend in room department performance in the Reporting Period. Average occupancy increased year-on-year by 1.7% points to 60.8% with the help of competitive average daily rate (“ADR”) and new marketing initiatives.

Over the Reporting Period, F&B revenue increased by 8.5% year-on-year. Further, leveraging on the well-established reputation of the “New Century” brand across the country, our hotels have continued to expand the Meetings, Incentives, Conferencing and Exhibitions (“MICE”) businesses.

Prudent costs control has been implemented in the Hotel Properties during the Reporting Period, which contributed to relatively stable portfolio gross operating profit margins. Overall, the hotel market volatility is substantially mitigated through our high base rent long-term leases, with either bank guarantees or one year cash securities deposit.

## HEALTHY FINANCIAL POSITION

As at 30 June 2016, New Century REIT had an aggregate gross borrowing of approximately RMB2,223 million (as at 31 December 2015: RMB2,052 million). In June 2016, the Group has obtained an aggregate offshore loan facility of USD280 million (equivalent to approximately RMB1,857 million) and an onshore loan facility of RMB295.4 million (“New Bank Facilities”). As at 30 June, 2016, the New Bank Facilities in an aggregate amount of RMB2,152.4 million remained unutilized providing ample financial resources to New Century REIT. Whereas as at 31 December 2015, US\$20 million (equivalent to approximately RMB130 million) out of US\$68.8 million (equivalent to RMB447 million) revolving facilities remained unutilized. As at 30 June 2016, the valuation of the Hotel Properties, as appraised by Savills Valuation and Professional Services Limited, our Principal Valuer, was RMB5,225 million (as at 31 December 2015: RMB5,225 million as appraised by DTZ Debenham Tie Leung Limited).

The gearing ratio of New Century REIT was approximately 40% (as at 31 December 2015: 37%), being the ratio of the total borrowings (comprising bank borrowings (excluding transaction costs) and loan from a related party) of RMB2,223 million (as at 31 December 2015: RMB2,052 million) as compared with total asset value of RMB5,618 million (as at 31 December 2015: RMB5,503 million), which was below the maximum limit of 45% as permitted under the Code on Real Estate Investment Trusts (the “REIT Code”).

New Century REIT had total cash and cash equivalents and restricted cash of RMB330 million (as at 31 December 2015: RMB210 million), which was comprised of RMB105 million (as at 31 December 2015: RMB63 million) in unrestricted cash and RMB225 million (as at 31 December 2015: RMB147 million) in restricted cash as at 30 June 2016. 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. In terms of maturity profile of borrowings, as of 30 June 2016, 75% of the total borrowings comprising bank borrowings (excluding transaction costs and loan from a related party) were on demand or within 1 year; 18% was between 1 and 2 years, 7% was between 2 and 3 years, and nil was over 3 years. These compared respectively to 73%, 20%, 1%, and 6% as of 31 December 2015.

With respect to foreign currency exchange risk, the Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents, bank borrowings and loan from a related party, denominated primarily in United States dollar ("**USD**"), Hong Kong dollar ("**HKD**" or "**HK\$**") and Euro ("**EUR**" or "**€**"). The Group has not specifically hedged this exposure as it is of the view that the RMB spot rate against HKD, EUR and USD is in a predictable trend.

On the other hand, to better control interest rate risk, the Group has entered into interest rate swaps with commercial banks, which effectively convert the borrowing interest rate from floating rates to fixed rates. As at 30 June 2016, the notional principal amounts of the outstanding interest rate swaps was USD221 million (equivalent to approximately RMB1,465 million), same as that of 31 December 2015 and the fixed interest rate were in the range between 3.45% and 3.7% per annum. The remaining borrowings of approximately RMB758 million is at floating rates.

As at 30 June 2016, the Hotel Properties excluding Songjiang New Century Grand Hotel Shanghai ("**Shanghai Hotel**") of New Century REIT with an aggregate carrying value of RMB4,385 million (as at 31 December 2015: Hotel Properties excluding Shanghai Hotel and New Century Grand Hotel Kaifeng ("**Kaifeng Hotel**") of New Century REIT with an aggregate carrying value of RMB3,975 million; bank deposits and trade receivables with aggregate value of RMB259 million (as at 31 December 2015, RMB202 million); certain corporate guarantees; and certain equity interests of subsidiaries were pledged to secure bank loan borrowings in a carrying value of RMB2,191 million (as at 31 December 2015: RMB 2,035 million).

## ASSET MANAGEMENT

To maintain the quality of the Hotel Properties, a number of major capex and asset enhancement works were completed or are currently underway in the Hotel Properties including, among others, the maintenance of elevators and the installation of an auto recognition system in the basement carpark of New Century Grand Hotel Hangzhou; the upgrade of grease traps and roof water-proofing at New Century Grand Hotel Ningbo; the replacement of carpets at New Century Grand Hotel Changchun and Kaifeng Hotel. The REIT Manager will continue to evaluate other asset enhancement initiatives to increase value to the Unitholders.

## KEY HOTEL OPERATING HIGHLIGHTS

The following tables set forth information on the average occupancy rates, ADR and average RevPAR of the Hotel Properties for the six months ended 30 June 2016 and 2015.

<b>For the six months ended 30 June 2016</b>	<b>Occupancy %</b>	<b>ADR* RMB</b>	<b>RevPAR* RMB</b>
New Century Grand Hotel Hangzhou	62.4	509	318
New Century Hotel Xiaoshan Zhejiang	65.5	337	220
New Century Resort Qiandao Lake Hangzhou	56.7	662	375
New Century Grand Hotel Ningbo	66.8	552	369
New Century Grand Hotel Changchun	57.5	551	317
Songjiang New Century Grand Hotel Shanghai	62.9	675	425
New Century Grand Hotel Kaifeng	48.7	578	281
<b>Weighted Average</b>	<b>60.8</b>	<b>541</b>	<b>329</b>

Note:

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

<b>For the six months ended 30 June 2015</b>	<b>Occupancy %</b>	<b>ADR* RMB</b>	<b>RevPAR* RMB</b>
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
New Century Grand Hotel Kaifeng <sup>^</sup>	54.7	593	324
<b>Weighted Average</b>	<b>59.1</b>	<b>541</b>	<b>320</b>

Notes:

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

<sup>^</sup> New Century Grand Hotel Kaifeng was acquired by New Century REIT on 31 July 2015. It is included for reference only.



During the six months ended 30 June 2016, overall occupancy of the New Century REIT's portfolio increased by 1.7% points YoY to 60.8% while ADR remained unchanged at RMB541, resulting in an increase in RevPAR of 2.8% YoY to RMB329. New Century Hotel Xiaoshan Zhejiang, New Century Resort Qiandao Lake Hangzhou, New Century Grand Hotel Ningbo, and New Century Grand Hotel Changchun recorded an increase in occupancies between 1.4% points and 14.7% points YoY. The hotel portfolio recorded an increase of 2.8% YoY in RevPAR. The increase was attributable to the growth ranging from 2.4% to 25.4% in RevPAR at New Century Hotel Xiaoshan Zhejiang, New Century Resort Qiandao Lake Hangzhou, New Century Grand Hotel Ningbo, and New Century Grand Hotel Changchun, which was offset by the decline of 1%-13.2% in New Century Grand Hotel Hangzhou, Shanghai Hotel, and Kaifeng Hotel. During the Reporting Period, we observed a strong pick up of F&B revenue which helped contribute to the overall revenue.

Looking forward, we expect the New Century REIT's portfolio will continue to improve in terms of occupancy and F&B revenue in the second half of 2016 which is usually the peak season of a year.

It is important to emphasize that our "high base rent long-term lease" structure helps to mitigate performance volatility arising from the hotel business cycle. Our rental bank guarantee or one-year security deposits also help to 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 six months ended 30 June 2016 and 2015:

<b>For the six months ended 30 June 2016</b>	<b>F&amp;B Spending Per Customer RMB*</b>	<b>F&amp;B Outlet Utilization Rate %</b>	<b>Revenue Per Square Meter Per Day of Banquet Room RMB</b>
New Century Grand Hotel Hangzhou	<b>178</b>	<b>190</b>	<b>74</b>
New Century Hotel Xiaoshan Zhejiang	<b>135</b>	<b>135</b>	<b>95</b>
New Century Resort Qiandao Lake Hangzhou	<b>101</b>	<b>102</b>	<b>13</b>
New Century Grand Hotel Ningbo	<b>135</b>	<b>188</b>	<b>54</b>
New Century Grand Hotel Changchun	<b>131</b>	<b>108</b>	<b>15</b>
Songjiang New Century Grand Hotel Shanghai	<b>160</b>	<b>125</b>	<b>35</b>
New Century Grand Hotel Kaifeng	<b>102</b>	<b>126</b>	<b>10</b>
<b>Weighted Average</b>	<b>141</b>	<b>142</b>	<b>46</b>

Note:

\* F&B Spending Per Customer excludes breakfast customers.

For the six months ended 30 June 2015	F&B Spending Per Customer <i>RMB*</i>	F&B Outlet Utilization Rate %	Revenue Per Square Meter Per Day of Banquet Room <i>RMB</i>
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
New Century Grand Hotel Kaifeng <sup>^</sup>	98	136	9
Weighted Average	129	137	41

## Notes:

\* F&B Spending Per Customer excludes breakfast customers.

<sup>^</sup> New Century Grand Hotel Kaifeng was acquired by New Century REIT on 31 July 2015. The data is included for reference only.

During the Reporting Period, overall F&B performance in New Century REIT's portfolio saw a strong pick up with over 9% YoY increase in F&B spending per customer, 3% points increase in F&B outlet utilization rates, and over 10% increase in revenue per square meter per day of banquet room. Our hotels provide convenient venues at reasonable prices for hosting conventions and other corporate events for both local enterprises and international companies. In addition, our hotels are run by a group of experienced event organizers who coordinate and arrange conferences/meetings to suit our customers' requirements. Thus, amid a generally tough environment for public spending, our banquet business still offers a good source of revenue and earnings to our portfolio.

## KEY HOTEL OPERATION INITIATIVES

In view of the growing competition from other new hotels, the hotels in our portfolio have continued to take initiatives to improve revenue, reduce operating expenses, and enhance operating efficiency. To increase the overall hotel revenue, room prices at some of the Hotel Properties were reduced to boost occupancies and F&B contributions. In addition, incentives were offered to promote our F&B business and banquet business. Price incentives have also been offered to tours and internet-based bookings to encourage tour reservations and online booking. On the other hand, cost-saving measures were implemented to increase operational efficiency and hence reduce costs. To explore additional clientele, our hotels visited travel agencies and tourism authorities in other provinces in China. To enhance the sales distribution, our hotels have continued to link up with Online Travel Agencies (OTAs) such as Ctrip, Kuxun (酷旅), and LY.com (同程旅游) and other online travel agents.

Leveraging on the significant New Century Group hotels platform, our Hotel Properties were managed cost efficiently through significant cost savings on items such as salaries and wages, utilities, and sales and marketing. Besides, New Century Group continued to sign additional new hotel management contracts. As at 30 June 2016, its Century Club loyal memberships increased by 19% from year-end 2015 to approximately 3.47 million which significantly expanded the potential customers' awareness of with a view to increasing the businesses for our hotels.

### **NETHERLANDS HOTEL ACQUISITION**

The Acquisition of the Netherlands Hotel was completed on 9 August 2016 which expanded the overall geographic diversification of the New Century REIT and increased its number of rooms by 7.3% to 3,029 and GFA by 2.6% to 457,306 square meters.

The hotel purchase price of €25.7 million (equivalent to approximately RMB189 million) was approximately 3.0% below the €26.5 million (equivalent to approximately RMB195 million) valuation as appraised by an independent property valuer. The consideration of the Acquisition was €4.42 million (equivalent to approximately RMB 32.5 million) which was derived by deducting loans (including shareholder's loan and bank loan) and working capital (including share premium payable), among others, from the purchase price of €25.7 million. The consideration of the Acquisition together with the repayment of its existing indebtedness (including the shareholder's loan, bank loan and share premium payable) and acquisition costs were financed by bank loan and loan from a related party. The Netherlands Hotel has the potential to enhance returns to Unitholders and it has a higher occupancy rate and ADR than that of our existing portfolio.

### **OUTLOOK**

Despite the overall slow down of global economy, the performance of our portfolio performance has continued to improve as a result of our strong initiatives on marketing and cost savings, gradual improvement in overall supply/demand dynamics and supportive administrative policies, which we believe are structural positive attributes that will help support

New Century REIT's performance in the medium term. The stabilization of the Chinese economy and RMB exchange rate should also support the improving trend of our hotel portfolio.

Leveraging on the high base-rent long-term lease structure, our hotel portfolio should be much more resilient to the increased volatility and uncertainties globally.

Following the Acquisition of the Netherlands Hotel, we continue to look for growth opportunities through acquisition from New Century Group, Carlyle networks, and third-party sources from around the world with increasing pipeline investment opportunities coming from overseas where more high-quality and upscale hotels and commercial buildings with long-term stable income stream are available. Potential acquisitions will be funded by internal resources, debt facilities, and/or proceeds from share placement. We believe that investing in different asset classes with stable long-term income stream across the globe will help maximize the long-term sustainable growth of New Century REIT and diversify the risks from a single market.

### **EMPLOYEEE**

New Century REIT is managed by the REIT manager and the Trustee. By contracting out such services, New Century REIT, through its subsidiaries has four employees in its own right and such costs are reimbursed by the REIT Manager.

New Century REIT provides competitive salary packages and bonuses for its employees, as well as other benefits, including participation in retirement schemes, medical insurance schemes, accident insurance schemes, unemployment insurance schemes, and maternity insurance schemes. The salary levels are regularly reviewed against market standards.

# CORPORATE GOVERNANCE REPORT

New Century REIT is committed to maintaining a high 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 2016, 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 2016, 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. Wen Wei (*non-executive Director*) (*appointed on 30 May 2016*)  
Mr. Tong JinQuan (*non-executive Director*)  
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 2016, the composition of the Board committees were as follows:

### **AUDIT COMMITTEE**

Chairman: Mr. Yu Hon To, David  
Member: Mr. Wen Wei  
Member: Professor He Jianmin

### **FINANCE AND INVESTMENT COMMITTEE**

Chairman: Mr. Cheung Yat Ming  
Member: Ms. Ho Wai Chu  
Member: Mr. Wan Hui Yeung

### **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

Mr. Zhang Chi (and his alternate, Mr. Jiang Tianyi) resigned as non-executive Director of the REIT Manager with effect from 30 May 2016.

Mr. Wen Wei was appointed as a non-executive Director of the REIT Manager with effect from 30 May 2016, please refer to the announcement dated 30 May 2016 issued by New Century REIT for more details.

### 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 required standard set out in 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 or 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 2016.

### ISSUE OF NEW UNITS

During the six months ended 30 June 2016, an aggregate of 6,698,512 new Units were issued to the REIT Manager as full payment of the REIT Manager’s fees for the period from 1 July 2015 to 31 December 2015.

The total number of Units in issue as at 30 June 2016 was 945,215,252 units, after taking into account the 70,000 Units repurchased in June 2016 but cancelled in July 2016 (the “**Repurchase**”) whereas the total number of Units appeared on the Register of Unitholders on 30 June 2016 was 945,285,252 units, before taking into account the effect of the Repurchase.

### 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 2016.

# CONNECTED PARTY TRANSACTIONS

Set out below is summary information in respect of connected party transactions during the six months ended 30 June 2016 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 and on 16 July 2014, the SFC granted a waiver for (i) certain connected party transactions between New Century REIT and Huge Harvest Group (the "**Modified and Extended Waiver**") and (ii) the acquisition of Shanghai Hotel (the "**2014 Shanghai Hotel Waiver**") respectively, subject to the terms and conditions as disclosed in the announcement of New Century REIT dated 16 July 2014. With the approval of the Unitholders and on 1 June 2016, the SFC granted (x) an extension of the Modified and Extended Waiver, which covers the period from 1 January 2017 to 31 December 2019 (the "**2016 Extended Waiver**") and (y) a modification of the 2014 Shanghai Hotel Waiver (the "**2016 Modified Shanghai Hotel Waiver**"). For further details of the 2016 Extended Waiver and the 2016 Modified Shanghai Hotel Waiver, please see the circular of New Century REIT dated 17 May 2016 and the poll results announcement of New Century REIT dated 1 June 2016.

With the approval of the Unitholders and on 17 July 2015, the SFC granted a waiver for certain connected party transactions between New Century REIT and Huge Harvest Group (the "**Kaifeng Hotel Waiver**"), subject to the terms and conditions as disclosed in the announcement of New Century REIT dated 17 July 2015. For further details of the Kaifeng Hotel Waiver, please see the circular of New Century REIT dated 30 June 2015 and the poll results announcement of New Century REIT dated 17 July 2015.

For the six months ended 30 June 2016, New Century REIT has complied with the relevant terms and conditions of the Modified and Extended Waiver, the 2014 Shanghai Hotel Waiver, the 2016 Modified Shanghai Hotel Waiver and the Kaifeng Hotel Waiver.

## CONNECTED PARTY TRANSACTIONS

### 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 2016:

Name of the Connected Person	Relationship with New Century REIT	Nature of the connected party transactions	Income received/receivable for the six months ended 30 June 2016 (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 <sup>1</sup>	Leasing transaction	108,904
上海松江開元名都大酒店有限公司 (Shanghai Songjiang New Century Grand Hotel Limited*)	Associate of significant holder and director <sup>2</sup>	Leasing transaction	22,790
開封開元酒店管理有限公司 (New Century Hotel Kaifeng Management Company Limited*)	Associate of significant holder and director <sup>2</sup>	Leasing transaction	11,000
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 <sup>3</sup>	Leasing transaction	3,087
開元旅業集團有限公司 (New Century Tourism Group Limited*)	Associate of significant holder and director <sup>4</sup>	Leasing transaction	970
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 <sup>4</sup>	Leasing transaction	904
德清開元森泊度假開發有限公司 (Deqing New Century Senbo Holiday Limited*)	Associate of significant holder and director <sup>3</sup>	Leasing transaction	175
杭州開元國際旅遊有限公司 (Hangzhou New Century International Tourism Limited*)	Associate of significant holder and director <sup>3</sup>	Leasing transaction	129
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 <sup>3</sup>	Leasing transaction	64
杭州開元裝飾工程有限公司 (Hangzhou New Century Decorating Limited*)	Associate of significant holder and director <sup>2</sup>	Leasing transaction	59
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 <sup>5</sup>	Leasing transaction	27

**LOAN**

New Century REIT has borrowed the following loan from its connected person during the six months ended 30 June 2016:

Name of the Connected Person	Relationship with New Century REIT	Nature of the connected party transactions	Loan borrowed during the six months ended 30 June 2016 (RMB'000)
Huge Harvest International Limited	Significant Unitholder	Unsecured and interest-free loan	25,518

*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. Wen Wei (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 Mr. 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” 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 2016.

## **RECEIVABLES AND PAYABLES**

There are trade and other receivable and payable balances and advance and loan with connected persons brought forward from prior years and/or for the six months ended 30 June 2016 which are set out in note 26(c) of the Notes to the condensed consolidated interim financial information on pages 55 to 57 of this report.

## **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 2016, 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 RMB509,000 and RMB12,895,000 respectively. Particulars of services provided by the REIT Manager for the six months ended 30 June 2016 are set out in note 8 of the Notes to the condensed consolidated interim financial information on pages 35 and 36 of this report. The fees paid/payable to the current and former Principal Valuers of New Century REIT during the six months ended 30 June 2016 were RMB248,000 and RMB238,000 respectively.

# 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 2016, the interests and short position in Units the significant Unitholders (as defined in 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	Total Number of Issued Units Held (long positions)	Approximate Percentage of the Issued Units as at 30 June 2016
Standard Chartered Trust (Singapore) Limited <sup>1</sup>	364,766,752	38.59%
SCTS Capital Pte. Ltd. <sup>2</sup>	364,766,752	38.59%
Poppytown Group Limited <sup>3</sup>	309,453,752	32.74%
Huge Harvest International Limited <sup>4</sup>	309,453,752	32.74%
Blue Sky Holdings Limited <sup>5</sup>	218,372,000	23.10%
Carlyle Asia Partners II, L.P. <sup>6</sup>	218,372,000	23.10%
CAP II General Partner, L.P. <sup>7</sup>	218,372,000	23.10%
CAP II L.L.C. <sup>8</sup>	218,372,000	23.10%
TC Group Cayman Investment Holdings Sub, L.P. <sup>9</sup>	218,372,000	23.10%
TC Group Cayman Investment Holdings, L.P. <sup>10</sup>	218,372,000	23.10%
Carlyle Holdings II L.P. <sup>11</sup>	218,372,000	23.10%
Carlyle Holdings II GP L.L.C. <sup>12</sup>	218,372,000	23.10%
The Carlyle Group L.P. <sup>13</sup>	218,372,000	23.10%
Wealthy Fountain Holding Inc. <sup>14</sup>	139,450,000	14.75%
Shanghai Summit Pte. Ltd. <sup>15</sup>	139,450,000	14.75%
Weiliang International Limited <sup>16</sup>	55,313,000	5.85%
Sinnabar Group Limited <sup>17</sup>	55,313,000	5.85%
Success Conquer Global Limited <sup>18</sup>	49,634,000	5.25%

## 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 3), 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 16).

Standard Chartered Trust (Singapore) Limited is accustomed to act in the investment 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 the Latest Practicable Date, Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager) is the beneficiary of 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.

2. SCTS Capital Pte. Ltd., as nominee shareholder, holds 100% of the interests of Poppytown Group Limited (Note 3). 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.
3. Poppytown Group Limited holds 83.90% of the interests of Huge Harvest (Note 4). Hence, Poppytown Group Limited has deemed interest in the Units held by Huge Harvest.
4. Huge Harvest is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT.

Of the 309,453,752 Units, Huge Harvest held 15,288,752 Units via New Century Asset Management Limited, representing 1.62% of the Units issued by New Century REIT, as at 30 June 2016.

5. Blue Sky Holdings Limited is a significant Unitholder (within the meaning of the REIT Code) 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.

*Notes (continued):*

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. Wealthy Fountain Holding Inc. is a significant Unitholder of New Century REIT. Wealthy Fountain Holdings Inc.'s interest is controlled by the entity stated in Note 15.
15. Shanghai Summit Pte. Ltd. holds 100% of the interests of Wealthy Fountain Holdings Inc. (Note 14). Hence, Shanghai Summit Pte. Ltd. has deemed interest in the Units held by Wealthy Fountain Holdings Inc..  
  
Mr. Tong JinQuan (Note 20), non-executive Director of the REIT Manager, holds 100% of the interests Shanghai Summit Pte. Ltd. Hence, Mr. Tong JinQuan has deemed interest in the Units held by Wealthy Fountain Holdings Inc.
16. Weiliang International Limited is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT. Weiliang International Limited's interest is controlled by the entity stated in Note 17.
17. Sinnabar Group Limited holds 100% of the interests of Weiliang International Limited (Note 16). Hence, Sinnabar Group Limited has deemed interest in the Units held by Weiliang International Limited.
18. Success conquer Global Limited is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT.

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

As at 30 June 2016, 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	Total Number of Issued Units Held (long positions)	Approximate Percentage of the Issued Units as at 30 June 2016
Chen Miaolin <sup>19</sup>	309,453,752	32.74%
Tong JinQuan <sup>20</sup>	139,450,000	14.75%
New Century Asset Management Limited <sup>21</sup>	15,288,752	1.62%
Cheung Yat Ming	131,000	0.01%

Notes (continued):

19. Mr. Chen Miaolin (Chairman and non-executive Director of the REIT Manager) is the beneficiary of an 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.
20. Mr. Tong JinQuan (non-executive Director of the REIT Manager) holds 100% of the interests of Shanghai Summit Pte. Ltd. (Note 15). Shanghai Summit Pte. Ltd. holds 100% of Wealthy Fountain Holdings Inc.. Hence, Mr. Tong JinQuan has deemed interest in the Units held by Shanghai Summit Pte Ltd. and Wealthy Fountain Holdings Inc..
21. New Century Asset Management Limited is the REIT Manager of New Century REIT. 6,698,512 new Units were issued to the REIT Manager on 27 May 2016 as payment of the REIT Manager's fee for the period from 1 July 2015 to 31 December 2015. As at 30 June 2016, the REIT Manager beneficially held 15,288,752 Units.

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 2016.

# OTHER INFORMATION

## BUY-BACK, SALE OR REDEMPTION OF UNITS

During the six months ended 30 June 2016, the REIT Manager on behalf of New Century REIT bought-back 908,000 Units, among the Units bought-back, 838,000 Units were cancelled. The remaining 70,000 Units were cancelled in July 2016.

The monthly break-down is shown at Note 23(a) of Notes to the Consolidated Interim Financial Statements.

## 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 four employees in its own right as at 30 June 2016 and such costs are reimbursed by the REIT Manager.

## CLOSURE OF REGISTER OF UNITHOLDERS

The record date for the 2016 interim distribution will be 9 September 2016, Friday ("**Record Date**"). The Register of Unitholders will be closed on 9 September 2016, Friday, during which period no transfer of Units will be effected. The interim distribution is expected to be payable on 29 September 2016, Thursday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2016 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 8 September 2016, Thursday.

## REVIEW OF INTERIM REPORT

The Group's interim report for the six months ended 30 June 2016 has been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager in accordance with their respective terms of reference. Its condensed consolidated interim financial statements for the six months ended 30 June 2016 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 23 to 58, 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 2016 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, 24 August 2016

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2016

	<i>Notes</i>	<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2016</b>	2015
		<b>RMB'000</b>	RMB'000
Revenue	6	<b>157,255</b>	148,998
Operating expenses	7	<b>(33,030)</b>	(32,259)
Other gains – net	9	<b>3,792</b>	323
Change in fair values of investment properties	13	<b>(1,922)</b>	(65,133)
<b>Operating profit</b>		<b>126,095</b>	51,929
Finance income	10	<b>2,078</b>	4,629
Finance costs	10	<b>(91,899)</b>	(40,431)
<b>Profit before taxation and transactions with unitholders</b>		<b>36,274</b>	16,127
Income tax expense	11	<b>(32,810)</b>	(14,873)
<b>Profit for the period, before transactions with unitholders</b>		<b>3,464</b>	1,254
– Profit attributable to unitholders		<b>1,081</b>	1,092
– Profit attributable to non-controlling interests		<b>2,383</b>	162
		<b>3,464</b>	1,254

The notes on pages 30 to 58 are an integral part of the interim condensed consolidated financial information.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	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	Non-controlling interests (Unaudited) RMB'000
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>
Profit for the six months ended 30 June 2016	<b>1,081</b>	<b>(1,081)</b>	-	<b>2,383</b>
Other comprehensive income	-	-	-	-
Total comprehensive income for the six months ended 30 June 2016 (Note (ii))	<u><b>1,081</b></u>	<u><b>(1,081)</b></u>	<u>-</u>	<u><b>2,383</b></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 30 to 58 are an integral part of the condensed consolidated interim financial information.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

		<b>Unaudited</b>	Audited
		<b>30 June</b>	31 December
		<b>2016</b>	2015
	<i>Notes</i>	<b>RMB'000</b>	RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	12	29	29
Investment properties	13	5,225,000	5,225,000
Goodwill	14	7,987	7,987
Other long-term assets	15	20,070	1,299
		<u>5,253,086</u>	<u>5,234,315</u>
<b>Current assets</b>			
Trade and other receivables and prepayments	16	3,705	4,782
Amount due from related parties	26(c)	30,902	53,970
Restricted cash	17	225,357	146,444
Cash and cash equivalents	17	105,125	63,151
		<u>365,089</u>	<u>268,347</u>
<b>Total Assets</b>		<b><u>5,618,175</u></b>	<b><u>5,502,662</u></b>
<b>Current liabilities</b>			
Trade and other payables	18	36,187	39,052
Amount due to related parties	26(c)	130,064	105,601
Current income tax liabilities		12,798	22,245
Derivative financial instruments	19	4,839	6,479
Deferred income	20	2,812	–
Borrowings	21	1,629,691	1,496,420
		<u>1,816,391</u>	<u>1,669,797</u>
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Borrowings	21	560,866	538,519
Deferred income tax liabilities	22	892,008	881,156
		<u>1,452,874</u>	<u>1,419,675</u>

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2016

		<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
	<i>Notes</i>		
<b>Total liabilities, other than net assets attributable to unitholders</b>		<b>3,269,265</b>	3,089,472
Net assets attributable to unitholders	23	<u><b>2,320,058</b></u>	<u>2,386,721</u>
<b>Total liabilities</b>		<u><b>5,589,323</b></u>	<u>5,476,193</u>
<b>Net assets</b>		<u><b>26,852</b></u>	<u>26,469</u>
Non-controlling interests		<u><b>28,852</b></u>	<u>26,469</u>
<b>Total equity</b>		<u><b>28,852</b></u>	<u>26,469</u>
<b>Net current liabilities</b>		<u><b>(1,451,302)</b></u>	<u>(1,401,450)</u>
<b>Total assets less current liabilities</b>		<u><b>3,801,784</b></u>	<u>3,832,865</u>
<b>Units in issue ('000)</b>	23	<u><b>945,215</b></u>	<u>939,425</u>
<b>Net assets attributable to unitholders per unit</b>	23	<u><b>RMB2.4545</b></u>	<u>RMB2.5406</u>

The interim condensed consolidated financial information on page 23 to 58 was approved by the Board of Directors of the REIT Manager on 24 August 2016 and were signed on its behalf.

**Chen Miaolin**  
*Chairman*

**Cheung Yat Ming**  
*Executive Director*

The notes on pages 30 to 58 are an integral part of the condensed consolidated interim financial information.

# DISTRIBUTION STATEMENT

For the six months ended 30 June 2016

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
<b>Profit attributable to unitholders</b>	<b>1,081</b>	1,092
Adjustments for the total distributable income:		
– Fair value change on investment properties attributable to unitholders	<b>3,965</b>	64,225
– Deferred taxation in respect of investment properties and tax losses attributable to unitholders	<b>11,297</b>	(5,232)
– Unrealised net foreign exchange losses/(gains) on financing activities	<b>37,902</b>	(1,316)
– Fair value (gains)/losses on derivative financial instruments	<b>(1,640)</b>	617
– REIT Manager fee payable in units in lieu of cash	<b>12,895</b>	12,613
– Depreciation of property, plant and equipment	<b>–</b>	54
– Amortisation of transaction costs of the bank borrowings	<b>12,257</b>	10,888
<b>Total distributable income (i)</b>	<b>77,757</b>	82,941
<b>Total distribution amount to be paid (ii)</b>	<b>77,757</b>	82,941
<b>Distribution per unit (iii)</b>	<b>RMB0.0823</b>	RMB0.0886

*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 2016. (For the six months ended 30 June 2015: 100%).
- (iii) The distribution per unit of RMB0.0823 for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB0.0886) is calculated by dividing New Century REIT's total distributable income of RMB77,757,000 (for the six months ended 30 June 2015: RMB82,941,000) for the period by 945,215,252 (As at 30 June 2015: 936,217,873) units in issue (Note 23) as at 30 June 2016.

The notes on pages 30 to 58 are an integral part of the condensed consolidated interim financial information.

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

For the six months ended 30 June 2016

	Notes	Equity (Unaudited)		
		Net assets attributable to unitholders (Unaudited) RMB'000	Non-controlling interests RMB'000	Total (Unaudited) RMB'000
<b>At 1 January 2015</b>		2,583,305	25,631	2,608,936
Profit for period		1,092	162	1,254
Distributions paid to unitholders		(89,947)	–	(89,947)
Issuance of units		12,340	–	12,340
Contribution from the controlling shareholders		1,371	–	1,371
<b>At 30 June 2015</b>		<u>2,508,161</u>	<u>25,793</u>	<u>2,533,954</u>
<b>At 1 January 2016</b>		<b>2,386,721</b>	<b>26,469</b>	<b>2,413,190</b>
Profit for period		<b>1,081</b>	<b>2,383</b>	<b>3,464</b>
Distributions paid to unitholders	23	<b>(79,807)</b>	–	<b>(79,807)</b>
Issuance of units	23	<b>13,985</b>	–	<b>13,985</b>
Units bought back for cancellation	23	<b>(1,922)</b>	–	<b>(1,922)</b>
<b>At 30 June 2016</b>		<u><b>2,320,058</b></u>	<u><b>28,852</b></u>	<u><b>2,348,910</b></u>

The notes on pages 30 to 58 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 2016

		<b>Unaudited</b>	
		<b>Six months ended 30 June</b>	
		<b>2016</b>	<b>2015</b>
<i>Notes</i>		<b>RMB'000</b>	<b>RMB'000</b>
<b>Cash flows from operating activities</b>			
	Cash generated from operations	<b>163,612</b>	142,089
	Interest paid	<b>(36,766)</b>	(31,273)
	Income tax paid	<b>(31,405)</b>	(25,290)
	<b>Net cash generated from operating activities</b>	<b>95,441</b>	85,526
<b>Cash flows from investing activities</b>			
	Payment of deposit for the acquisition of Netherlands Hotel	<b>(19,544)</b>	–
	Purchase of investment properties	<b>(4,459)</b>	(3,394)
	<b>Net cash used in investing activities</b>	<b>(24,003)</b>	(3,394)
<b>Cash flows from financing activities</b>			
	Proceeds from borrowings, net of transaction cost	<b>291,342</b>	114,964
	Proceeds from loan payable to a related party	<b>25,518</b>	–
	Repayment of borrowings	<b>(184,850)</b>	(23,250)
	Distributions paid to unitholders	<b>(79,807)</b>	(89,947)
	Changes of restricted cash pledged for borrowings	<b>(78,913)</b>	(24,703)
	Units bought back for cancellation	<b>(1,922)</b>	–
	Payment of agency fee for borrowings	<b>(1,098)</b>	(368)
	<b>Net cash used in financing activities</b>	<b>(29,730)</b>	(23,304)
<b>Net increase in cash and cash equivalents</b>			
	Cash and cash equivalents at beginning of the period	<b>63,151</b>	187,345
	Exchange gains on cash and cash equivalents	<b>266</b>	–
	<b>Cash and cash equivalent at end of the period</b>	<b>105,125</b>	246,173

The notes on pages 30 to 58 are an integral part of the condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 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 (“**PRC**”).

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 24 August 2016.

This condensed consolidated interim financial information has not been audited.

## 2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2016 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, ‘Interim financial reporting’. This condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”).

As at 30 June 2016, the Group’s current liabilities exceeded its current assets by RMB1,451,302,000. Taking into account the undrawn banking facilities of USD280,000,000 (equivalent to RMB1,856,736,000) and RMB295,400,000 (Note 21), 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 condensed consolidated interim financial statements.

## 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 2015, 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.

### 3 ACCOUNTING POLICIES (CONTINUED)

**i) New and amended standards and interpretations that have been issued and are effective for periods commencing on 1 January 2016**

IFRS 14	Regulatory deferral accounts
Amendment to IFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to IAS 16 and IAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to IAS 16 and IAS 41	Agriculture: bearer plants
Amendment to IAS 27	Equity method in separate financial statements
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment entities: applying the consolidation exception
Amendments to IAS 1	Disclosure initiative
Annual improvements 2014	

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

**(ii) New and amended standards that have been issued and are effective for periods commencing after 1 January 2016**

		<b>Effective date</b>
Amendments to IAS 12	Income taxes	1 January 2017
Amendments to IAS 7	Statement of cash flows	1 January 2017
IFRS 15	Revenue from contracts with customers	1 January 2018
IFRS 9	Financial instruments	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 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 2015.

## 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 do 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 2015.

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).

The following table presents the Group's financial liabilities that are measured at fair value at 30 June 2016 and 31 December 2015.

**5 FINANCIAL RISK MANAGEMENT (CONTINUED)****5.3 Fair value estimation (continued)**

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Liabilities</b>				
<b>Financial liabilities at fair value through profit or loss</b>				
<b>As at 30 June 2016 (Unaudited)</b>				
Derivative financial instruments	-	4,839	-	4,839
<b>As at 31 December 2015 (Audited)</b>				
Derivative financial instruments	-	6,479	-	6,479

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 6 REVENUE AND SEGMENT INFORMATION

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Rental income from hotel properties (a)	<b>138,613</b>	130,466
Other rental income (b)	<b>18,642</b>	18,532
	<b><u>157,255</u></b>	<u>148,998</u>

- (a) For the six months ended 30 June 2016, the Group received a minimum pro-rated base rent for all of the hotel properties (including 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**”), Songjiang New Century Grand Hotel Shanghai (上海松江開元名都大酒店) “**Shanghai Hotel**” and Kaifeng New Century Grand Hotel (開封開元名都大酒店 “**Kaifeng Hotel**”)) in a sum of RMB141,790,270 (before the value-added tax of RMB3,177,270).

For the six months ended 30 June 2015, the Group received a minimum pro-rated base rent for Initial Hotel Properties of RMB108,000,000 (before the value-added tax of RMB1,381,000) and a rental income of RMB23,847,000 from Shanghai Hotel which was exceeded its minimum pro-rated base rent of RMB22,578,720.

- (b) 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.
- (c) The sole principal activity of the Group is the hotel leasing business of the hotel properties, which are all located in the PRC. Therefore, the senior executive management concludes that the Group is a single reportable segment and no further analysis for segment information is presented.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 7 OPERATING EXPENSES

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
REIT Manager fee (Notes 8)	12,895	12,613
Urban real estate and land use tax	11,771	10,546
Business tax, surcharges and stamp duty	4,703	6,391
Legal and other professional fees	1,165	566
Auditor's remuneration	953	937
Trustee fee (Note 26)	509	512
Valuation fee (Note 26)	486	143
Depreciation of property, plant and equipment (Note 12)	–	54
Travelling and communication expenses	29	39
Miscellaneous	519	458
	<u>33,030</u>	<u>32,259</u>
Total operating expenses	<u>33,030</u>	<u>32,259</u>

## 8 REIT MANAGER FEE

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Base Fee	7,631	7,666
Variable Fee	5,264	4,927
	<u>12,895</u>	<u>12,613</u>

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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 8 REIT MANAGER FEE (CONTINUED)

The Base Fee and Variable Fee for the six months ended 30 June 2016 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 (2015: same as 2016).

## 9 OTHER GAINS – NET

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Fair value gains/(losses) on derivative financial instruments – interest rate swaps ( <i>Note 19</i> )	<b>1,640</b>	(617)
Net foreign exchange gains	<b>70</b>	2
Government grants	<b>2,390</b>	620
Waived payable balances	<b>–</b>	567
Others	<b>(308)</b>	(249)
	<b>3,792</b>	323

## 10 FINANCE COSTS – NET

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
<b>Finance income</b>		
– Interest income derived from bank deposits	<b>2,078</b>	4,629
<b>Finance costs</b>		
– Interest expense on bank borrowings	<b>(40,395)</b>	(31,053)
– Unrealised net foreign exchange (losses)/gains on financing activities	<b>(37,902)</b>	1,316
– Realised net foreign exchange (losses)/gains on financing activities	<b>(247)</b>	501
– Amortisation of transaction costs of the bank borrowings	<b>(12,257)</b>	(10,888)
– Agency fee	<b>(1,098)</b>	(307)
	<b>(91,899)</b>	(40,431)
<b>Finance costs – net</b>	<b>(89,821)</b>	(35,802)

**11 INCOME TAX EXPENSE**

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Current income tax		
– PRC corporate income tax	<b>21,958</b>	20,714
Deferred income tax		
– PRC corporate income tax (Note 22)	<b>10,852</b>	(5,841)
Tax charged	<b>32,810</b>	14,873

**(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 2016 and 2015. 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 2016 and 2015.

**(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 2016 and 2015.

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 2016 will not be distributed in the future to the parent company outside PRC. Hence, deferred income tax liabilities as at 30 June 2016 and 2015 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 2016

## 12 PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles RMB'000	Other equipment RMB'000	Total RMB'000
<b>At 1 January 2016 and 30 June 2016</b>			
Cost	565	1	566
Accumulated depreciation	(537)	–	(537)
Net book amount	<u>28</u>	<u>1</u>	<u>29</u>
<b>At 1 January 2015</b>			
Cost	565	1	566
Accumulated depreciation	(456)	–	(456)
Net book amount	<u>109</u>	<u>1</u>	<u>110</u>
<b>Six months ended 30 June 2015</b>			
Opening net book amount	109	1	110
Depreciation ( <i>Note 7</i> )	(54)	–	(54)
Closing net book amount	<u>55</u>	<u>1</u>	<u>56</u>
<b>At 30 June 2015</b>			
Cost	565	1	566
Accumulated depreciation	(510)	–	(510)
Net book amount	<u>55</u>	<u>1</u>	<u>56</u>

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

## 13 INVESTMENT PROPERTIES

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Investment properties	<u>5,225,000</u>	<u>5,225,000</u>

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

### 13 INVESTMENT PROPERTIES (CONTINUED)

As at 30 June 2016, the Initial Hotel Properties with carrying amount of RMB3,965,000,000 and the Kaifeng Hotel with carrying amount of RMB420,000,000 were pledged as collateral for the Group's bank borrowings (Note 21). (As at 31 December 2015: the Initial Hotel Properties with carrying amount of RMB3,975,000,000 were pledged as collateral for the Group bank borrowings).

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
<b>At fair value</b>		
Opening balance	<b>5,225,000</b>	4,870,000
Additions	<b>1,922</b>	133
Fair value losses (a)	<b>(1,922)</b>	(65,133)
Closing balance	<b>5,225,000</b>	4,805,000

(a) The investment properties were revalued at 30 June 2016 by Savills Valuation and Professional Services Limited. (The investment properties at 30 June 2015 were revalued 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 2016 using		
	Quoted prices in active markets for identical assets	Significant other observable inputs	Significant unobservable inputs
	(Level 1)	(Level 2)	(Level 3)
	RMB'000	RMB'000	RMB'000
Recurring fair value measurements			
Investment properties:			
– Initial Hotel Properties	–	–	3,965,000
– Shanghai Hotel	–	–	840,000
– Kaifeng Hotel	–	–	420,000
	–	–	5,225,000



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 13 INVESTMENT PROPERTIES (CONTINUED)

Description	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	RMB'000	RMB'000	RMB'000
Recurring fair value measurements			
Investment properties:			
– Initial Hotel Properties	–	–	3,975,000
– Shanghai Hotel	–	–	830,000
– Kaifeng Hotel			420,000
	<u>–</u>	<u>–</u>	<u>5,225,000</u>

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	
	2016	2015
	RMB'000	RMB'000
<b>At fair value</b>		
Opening balance	5,225,000	4,870,000
Additions	1,922	133
Fair value losses	(1,922)	(65,133)
Closing balance	<u>5,225,000</u>	<u>4,805,000</u>

### 13 INVESTMENT PROPERTIES (CONTINUED)

#### 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;
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 GOODWILL

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Cost	<b>7,987</b>	7,987
Accumulated impairment	<u>—</u>	<u>—</u>
Net book amount	<b><u>7,987</u></b>	<b><u>7,987</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 15 OTHER LONG-TERM ASSETS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Deposit for the acquisition of Netherlands Hotel (a)	<b>19,544</b>	–
Fee paid for undrawn bank facilities	–	1,299
Other	<b>526</b>	–
	<b>20,070</b>	1,299

- (a) The Group has entered into a share purchase agreement with IRE Hotel II Holdco 1 S.a r.l. (the “**Seller**”) on 28 July 2016 for the acquisition of the entire share capital of Invesco HF2 Eindhoven Hotel Investment B.V. (the “**Target**”) in the Netherlands. The Target is principally engaged in holding and leasing the hotel property of Holiday Inn Eindhoven (the “**Netherlands Hotel**”), which is located in Eindhoven, the Netherlands (Note 28).

During the period, a security deposit for the acquisition with amount of EUR2,650,000 (equivalent to RMB19,544,000) was paid by the Group to the escrow agent.

## 16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Trade receivables (a)	<b>2,679</b>	2,042
Other receivables	<b>394</b>	2,180
Prepayments	<b>632</b>	560
Trade and other receivables and prepayments – net	<b>3,705</b>	4,782

As at 30 June 2016 and 31 December 2015, 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 2016 and 31 December 2015, the trade receivables represent the rental income receivables from the lessees and were all within 90 days.

As at 30 June 2016 and 31 December 2015, all the trade receivables were pledged as collateral for the Group's bank borrowings (Note 21).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 17 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Cash at bank and on hand (a)	<b>330,482</b>	209,595
Less: Restricted cash (b)	<b>(225,357)</b>	(146,444)
Cash and cash equivalents	<b>105,125</b>	63,151

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

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Cash at bank and in hand:		
– RMB	<b>275,555</b>	160,939
– USD	<b>48,336</b>	43,601
– HKD	<b>430</b>	5,055
– EUR	<b>6,161</b>	–
	<b>330,482</b>	209,595

- (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 21).

## 18 TRADE AND OTHER PAYABLES

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Trade payables (a)	<b>4,103</b>	6,114
Other payables	<b>10,994</b>	10,424
Advances from customers	<b>2,197</b>	2,136
Interest payables	<b>13,756</b>	10,127
Accrued taxes other than income tax	<b>4,108</b>	9,222
Dividends payable	<b>1,029</b>	1,029
	<b>36,187</b>	39,052

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 18 TRADE AND OTHER PAYABLES (CONTINUED)

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

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Trade payables		
– Within 90 days	<b>243</b>	–
– Over 360 days and within 720 days	<b>1,898</b>	5,463
– Over 720 days	<b>1,962</b>	651
	<b>4,103</b>	6,114

As at 30 June 2016 and 31 December 2015, all trade and other payables of the Group were non-interest bearing.

## 19 DERIVATIVE FINANCIAL INSTRUMENTS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Interest rate swaps	<b>4,839</b>	6,479

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 was not accounted for as hedging instruments as the conditions for hedge accounting were not met during the six months ended 30 June 2016 and the year ended 31 December 2015. As at 30 June 2016, the notional principal amounts of the outstanding interest rate swaps were USD221,000,000 (As at 31 December 2015: USD221,000,000) and the fixed interest rate were 3.45% to 3.70% per annum (As at 31 December 2015: 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 – net” (Note 9).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 20 DEFERRED INCOME

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000

Government grants relating to assets	<u><b>2,812</b></u>	<u>–</u>
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Deferred income represents government grants relating to certain assets, which is deferred and recognized in the profit or loss on a straight-line basis over the expected useful lives of the related assets. The movement of deferred income is as below:

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000

Opening balance	–	–
Additions of deferred government grants	<b>2,812</b>	–
Recognized in profit or loss	<u>–</u>	<u>–</u>
Closing balance	<u><b>2,812</b></u>	<u>–</u>

## 21 BORROWINGS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000

### Non-current

Principle of bank borrowings – secured (a)	<b>1,760,895</b>	1,735,336
Less: Transaction costs	<b>(6,671)</b>	(17,284)
Current portion of non-current borrowings	<u><b>(1,193,358)</b></u>	<u>(1,179,533)</u>
	<u><b>560,866</b></u>	<u>538,519</u>

### Current

Bank borrowings – secured (a)	<b>436,333</b>	316,887
Current portion of non-current bank borrowings	<u><b>1,193,358</b></u>	<u>1,179,533</u>
	<u><b>1,629,691</b></u>	<u>1,496,420</u>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 21 BORROWINGS (CONTINUED)

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Opening balance	2,034,939	1,571,946
Additions of borrowing – net	291,342	114,964
Repayments of borrowings	(184,850)	(23,250)
Amortisation using the effective interest method	10,958	9,434
Exchange losses/(gains)	38,168	(1,311)
	<u>2,190,557</u>	<u>1,671,783</u>
Closing balance	<u>2,190,557</u>	<u>1,671,783</u>

The maturity of borrowings is as follows:

	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
On demand or within 1 year	1,629,691	1,496,420
Between 1 and 2 years	400,666	403,519
Between 2 and 3 years	160,200	22,500
Over 3 years	–	112,500
	<u>2,190,557</u>	<u>2,034,939</u>

The Group had the following undrawn bank facilities:

	Unaudited	Audited
	30 June	31 December
	2016	2015
	RMB'000	RMB'000
USD facilities		
– Expiring with one year	198,936	129,872
– Expiring beyond one year	1,657,800	–
RMB facilities		
– Expiring beyond one year	295,400	–
	<u>2,152,136</u>	<u>129,872</u>

## 21 BORROWINGS (CONTINUED)

In June 2016, the Group has entered into the loan agreements with Wing Lung Bank, Limited and Standard Chartered Bank (Hong Kong) Limited, pursuant to which the Group has obtained an aggregate offshore loan facility of USD280,000,000 (equivalent to RMB1,856,736,000) and an onshore loan facility of RMB295,400,000 (collectively the “**New Bank Facilities**”) with period from 1 to 3 years.

### (a) Bank borrowings – secured

Bank borrowings of the Group as at 30 June 2016 and 31 December 2015 are secured by the following:

- Investment properties (Note 13), bank deposits (Note 17) and trade receivables (Note 16 and Note 26(c)), and guaranteed by 浙江開元酒店投資管理集團有限公司 (Zhejiang New Century Hotel Investment & Management Group Limited, “**Zhejiang New Century Hotel**”), Spearhead Investments Limited and Sky Town Investments Limited, subsidiaries of the Group (As at 31 December 2015: same as at 30 June 2016).
- Equity interest of Zhejiang New Century Hotel, 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, 麗水惠富酒店管理有限公司 (Lishui Full Wise Hotel Management Limited) and Strong Tower Global Limited, Full Wise Industrial Limited, subsidiaries of the Group (As at 31 December 2015: same as at 30 June 2016).

## 22 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:

	<b>Unaudited</b> <b>30 June</b> <b>2016</b> <b>RMB’000</b>	Audited 31 December 2015 RMB’000
Deferred income tax liabilities:		
– to be recovered after more than 12 months	<b>891,751</b>	880,750
– to be recovered within 12 months	<b>257</b>	406
	<b>892,008</b>	881,156



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 22 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES (CONTINUED)

The movements on the net deferred income tax liabilities are as follows:

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Opening balance	<b>881,156</b>	828,972
Charged/(credited) to the interim condensed consolidated income statement ( <i>Note 11</i> )	<b>10,852</b>	(5,841)
Closing balance	<b>892,008</b>	823,131

Movements in deferred income tax assets and liabilities during the six months ended 30 June 2016 and 2015, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

<b>Deferred income tax assets</b>	<b>Tax losses RMB'000</b>	<b>Deferred Income RMB'000</b>	<b>Total RMB'000</b>
<b>Six months ended 30 June 2015</b>			
<b>At 1 January 2015</b>	523	–	523
Charged to the interim condensed consolidated income statement	(523)	–	(523)
<b>At 30 June 2015</b>	–	–	–
<b>Six months ended 30 June 2016</b>			
<b>At 1 January 2016</b>	1,525	–	1,525
(Charged)/credited to the interim condensed consolidated income statement	(641)	704	63
<b>At 30 June 2016</b>	884	704	1,588

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 22 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES (CONTINUED)

Deferred income tax liabilities	Difference between tax book and accounting book in respect of investment properties RMB'000	Amortisation of transaction cost for the bank borrowings RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2015</b>				
<b>At 1 January 2015</b>	827,976	797	722	829,495
Credited to the interim condensed consolidated income statement	(5,951)	(250)	(163)	(6,364)
<b>At 30 June 2015</b>	<u>822,025</u>	<u>547</u>	<u>559</u>	<u>823,131</u>
<b>Six months ended 30 June 2016</b>				
<b>At 1 January 2016</b>	881,854	367	460	882,681
Charged/(credited) to the interim condensed consolidated income statement	11,196	(347)	66	10,915
<b>At 30 June 2016</b>	<u>893,050</u>	<u>20</u>	<u>526</u>	<u>893,596</u>

## 23 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Net assets attributable to unitholders	<u><b>2,320,058</b></u>	<u>2,386,721</u>

As at 30 June 2016, the net assets attributable to unitholders per unit of RMB2.4545 is calculated by dividing the net assets attributable to unitholders of RMB2,320,058,000 by the number of unit in issue of 945,215,252, taken into account the 70,000 units cancelled on 12 July 2016 (Note (a)). (As at 31 December 2015: the net assets attributable to unitholders per unit of RMB2.5406 is calculated by dividing the net assets attributable to unitholders of RMB2,386,721,000 by the number of unit in issue of 939,424,740).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 23 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

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

	Unaudited Six months ended 30 June 2015	
	Number of units	Net assets attributable to unitholders RMB'000
<b>Opening balance</b>	931,139,567	2,583,305
Issuance of units	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		1,371
<b>Closing balance</b>	<u>936,217,873</u>	<u>2,508,161</u>

	Unaudited Six months ended 30 June 2016	
	Number of units	Net assets attributable to unitholders RMB'000
<b>Opening balance</b>	939,424,740	2,386,721
Issuance of units (b)	6,698,512	13,985
Units bought back for cancellation (a)	(908,000)	(1,922)
Profit for the period		1,081
Distribution paid to unitholders during the period		(79,807)
<b>Closing balance</b>	<u>945,215,252</u>	<u>2,320,058</u>

## 23 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

- (a) From January to June 2016, New Century REIT has repurchased a total of 908,000 units on The Stock Exchange of Hong Kong Limited at the prevailing market price with the net aggregate consideration of HK\$2,281,000 (equivalent to RMB1,922,000). Details of the units bought back during the six months ended 30 June 2016 were as follows:

Month	Units bought back	Price paid per units		Net aggregate consideration HK\$'000
		Highest HK\$	Lowest HK\$	
January 2016	78,000	2.86	2.65	216
February 2016	155,000	2.95	2.75	447
May 2016	165,000	2.60	2.36	408
June 2016	510,000	2.47	2.28	1,210
Total	908,000			2,281

Among the 908,000 units bought back above, 838,000 units were cancelled during the six months ended 30 June 2016 and 70,000 units were cancelled on 12 July 2016.

- (b) On 27 May 2016, 6,698,512 units were issued to the REIT Manager at an issue price of HK\$2.4741 per unit (equivalent to RMB13,985,000) as payment of REIT Manager fee for the six months ended 31 December 2015.

## 24 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	
	2016	2015
Profit after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>1,081</u>	<u>1,092</u>
Weighted average number of units in issue	<u>940,514,652</u>	<u>932,121,560</u>
Basic earnings per unit (RMB)	<u>0.0011</u>	<u>0.0012</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.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 25 COMMITMENTS

### Capital commitments

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000

In respect of investment properties, contracted but not provided for	<b>126</b>	126
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## 26 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 2016.

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
Huge Harvest International Limited	Significant unitholder 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
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 Grand Hotel Kaifeng Management Company Limited	Associated corporation of significant holders of New Century REIT
New Century Asset Management Limited (the "REIT Manager")	The manager of New Century REIT
DB Trustees (Hong Kong) Limited (the "Trustee")	The Trustee of New Century REIT
Savills Valuation and Professional Service Limited ("Savills")	The current principal valuer of New Century REIT
DTZ Debenham Tie Leung Limited ("DTZ")	The former principal valuer of New Century REIT

**26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)****(b) Transactions with connected/related parties*****Rental income received/receivable from:***

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
The Hotel Group	<b>108,904</b>	108,886
Shanghai Songjiang New Century Grand Hotel Limited	<b>22,790</b>	23,847
New Century Grand Hotel Kaifeng Management Company Limited	<b>11,000</b>	–
Shanghai New Century Enterprise Operation Management Limited	<b>3,087</b>	3,082
New Century Tourism Group Limited	<b>970</b>	951
Hangzhou New Century Real Estate Group Limited	<b>904</b>	886
Deqing New Century Senbo Holiday Limited	<b>175</b>	137
Hangzhou New Century International Tourism Limited	<b>129</b>	126
Hangzhou New Century Zhijiang Cleaning Chain Limited	<b>64</b>	63
Hangzhou New Century Decorating Limited	<b>59</b>	58
Hangzhou Zhirong Trading Limited	<b>–</b>	34
Hangzhou New Century Information System Engineering Limited	<b>27</b>	26
	<b>148,109</b>	138,096

***Rental deposit received from:***

	<b>Unaudited</b>	
	<b>Six months ended 30 June</b>	
	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
Shanghai Songjiang New Century Grand Hotel Limited	<b>–</b>	109
	<b>–</b>	109

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

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

#### *Loans borrowed from related parties:*

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Huge Harvest International Limited (i)	<b>25,518</b>	–

(i) This refers to a related party's loan of EUR3,460,000 (equivalent to RMB25,518,000) from Huge Harvest International Limited during the period for a term of 1 year. This related party's loan is unsecured and interest-free.

#### *Other connected party transactions:*

	Unaudited	
	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
REIT Manager fee paid/payable to the REIT Manager	<b>12,895</b>	12,613
Trustee fee paid/payable to the Trustee	<b>509</b>	512
Valuation fee paid/payable to Savills	<b>248</b>	–
Valuation fee paid/payable to DTZ	<b>238</b>	143
	<b>13,890</b>	13,268

**26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)****(c) Balances with connected/related parties as at 30 June 2016 and 31 December 2015:****Trade receivables due from:**

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
The Hotel Group	<b>22,064</b>	48,989
Shanghai Songjiang New Century Grand Hotel Limited	<b>4,871</b>	3,535
New Century Grand Hotel Kaifeng Management Company Limited	<b>3,934</b>	1,403
	<b>30,869</b>	53,927

As at 30 June 2016 and 31 December 2015, all the trade receivables due from related parties were pledged as collateral for the Group's bank borrowings (Note 21).

**Other receivables due from:**

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
REIT Manager	<b>33</b>	43

**Trade payables due to:**

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Hangzhou New Century Decorating Limited	<b>11</b>	11



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(c) Balances with connected/related parties as at 30 June 2016 and 31 December 2015 (continued):

**Other payables due to:**

	Unaudited 30 June 2016 RMB'000	Audited 31 December 2015 RMB'000
Shanghai Songjiang New Century Grand Hotel Limited	45,581	45,581
New Century Grand Hotel Kaifeng Management Company Limited	22,000	22,000
The Hotel Group	20,434	20,434
REIT Manager	12,895	13,984
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	84	84
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 New Century Information System Engineering Limited	13	13
The Trustee (ii)	937	765
Savills (ii)	214	–
DTZ (ii)	–	360
	<b>104,657</b>	<b>105,720</b>

(ii) Other payables due to the Trustee, Savills and DTZ are recorded in “Trade and other payables” of the interim condensed consolidated balance sheet.

**26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)****(c) Balances with connected/related parties as at 30 June 2016 and 31 December 2015 (continued):****Advance from customers:**

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Shanghai New Century Enterprise Operation Management Limited	<b>490</b>	457
New Century Tourism Group Limited	<b>162</b>	162
Hangzhou New Century Real Estate Group Limited	<b>151</b>	151
The Hotel Group	<b>151</b>	151
Deqing New Century Senbo Holiday Limited	<b>29</b>	28
Hangzhou New Century International Tourism Limited	<b>21</b>	21
Hangzhou New Century Zhijiang Cleaning Chain Limited	<b>11</b>	11
Hangzhou New Century Decorating Limited	<b>10</b>	10
Hangzhou New Century Information System Engineering Limited	<b>4</b>	4
	<b>1,029</b>	995

**Loan from related party:**

	<b>Unaudited 30 June 2016 RMB'000</b>	Audited 31 December 2015 RMB'000
Huge Harvest International Limited	<b>25,518</b>	–

**(d) Director's emoluments**

No directors' emoluments were paid for or are payable by the Group for the six months ended 30 June 2016 and 2015.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2016

## 27 FUTURE MINIMUM RENTAL RECEIVABLE

As at 30 June 2016, the Group has future minimum rental receivable under non-cancellable leases as follow:

	<b>Unaudited</b> <b>30 June</b> <b>2016</b> <b>RMB'000</b>	Audited 31 December 2015 RMB'000
Within one year	<b>315,332</b>	319,463
Between one year and five years	<b>1,100,665</b>	1,124,758
Over five years	<b>697,223</b>	721,603
	<b><u>2,113,220</u></b>	<u>2,165,824</u>

## 28 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

### (a) Acquisition of Invesco HF2 Eindhoven Hotel Investment B.V.

On 28 July 2016, the Group has entered into a share purchase agreement with the Seller for the acquisition (the “**Acquisition**”) of the entire share capital of the Target in the Netherlands. The Target is principally engaged in holding and leasing the hotel property of Holiday Inn Eindhoven, which is located in Eindhoven, the Netherlands. The consideration of the Acquisition was EUR4.42 million (equivalent to approximately RMB32.5 million), which together with the repayment of the Target’s existing indebtedness (including the shareholder’s loan, bank loan and share premium payable) and the payment of acquisition cost were financed by a new bank borrowing and a related party’s loan. The Acquisition was completed on 9 August 2016.

### (b) Repayment of existing bank borrowings with drawn down of New Bank Facilities

On 11 July 2016, the Group has drawn down the New Bank Facilities with amount of USD242,000,000 (equivalent to RMB1,604,750,000) and RMB295,400,000, to repay the existing mature bank borrowings with amount of USD226,800,000 (equivalent to RMB1,503,956,000) and RMB295,400,000 together with accrued interest thereon and to pay the transaction costs of the New Bank Facilities.

# PERFORMANCE TABLE

	(Unaudited) As at 30 June 2016	(Unaudited) As at 30 June 2015
Net assets attributable to unitholders (RMB'000)	<b>2,320,058</b>	2,508,161
Net assets value per unit attributable to unitholders (RMB)	<b>2.4545</b>	2.6790
(Equivalent to HK\$)	<b>2.8718</b>	3.3972
The highest premium of the traded price to net asset value per unit (HK\$) (Note b)	<b>4.46%</b>	N/A
The highest discount of the traded price to net asset value per unit (HK\$) (Note b)	<b>24.09%</b>	11.69%
Distribution yield per unit (Note c)	<b>4.05%</b>	3.52%
Number of units in issue (units) (Note 23(a))	<b>945,215,252</b>	936,217,873
Gearing ratio (Note d)	<b>40%</b>	33%
Gross liabilities as a percentage of gross assets (Note e)	<b>58%</b>	51%

*Notes:*

a. Unless indicated otherwise, Hong Kong dollar amounts are based on an exchange rate of HK\$1=RMB0.8547 as at 30 June 2016 (2015: HK\$1=RMB0.7886).

b. The highest premium is calculated based on the highest traded price of HK\$3.00 (2015: HK\$3.36) on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2016. The highest discount is calculated based on the lowest traded price of HK\$2.18 (2015: HK\$3.00) on The Stock Exchange of Hong Kong Limited during the six months ended 30 June 2016.

As the highest traded price during the six months ended 30 June 2015 of HK\$3.36 was lower than the net asset value per unit as at 30 June 2015, no premium of the highest traded price to net asset value per unit was presented for 30 June 2015.

c. Distribution yield per unit for 2016 is calculated based on the distribution per unit of RMB0.0823 (equivalent to HK\$0.0961) for the six months ended 30 June 2016 over the closing price of HK\$2.37 as at 30 June 2016. Distribution yield per unit for 2015 is calculated based on distribution per unit of RMB0.0887 (equivalent to HK\$0.1075) for the six months ended 30 June 2015 over the closing price of HK\$3.05 as at 30 June 2015.

d. Gearing ratio is calculated based on the total of borrowings excluding transaction costs and loan from a related party 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.

# CORPORATE INFORMATION

## 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)*  
WEN Wei  
*(Non-executive Director)*  
*(appointed with effect from 30 May 2016)*  
ZHANG Chi  
*(with JIANG Tianyi as his alternate)*  
*(Non-executive Director)*  
*(resigned with effect from 30 May 2016)*  
TONG JinQuan  
*(Non-executive Director)*  
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  
WAN Hui Yeung

## 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

Savills Valuation and Professional Services 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](http://www.ncreit.com)

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Acquisition	The acquisition of the Netherlands Hotel.
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\$176 billion in assets under management with 128 funds and 170 fund of funds vehicles investing in corporate private equity, real assets, global market strategies and fund of funds solutions as at 30 June 2016.
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	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, with 83.90%, 9.29% and 6.81% of its issued shares ultimately owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming respectively as at 30 June 2016.
Huge Harvest Group	Huge Harvest, its direct and indirect subsidiaries and entities ultimately controlled by Mr. Chen Miaolin.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Kaifeng Hotel	New Century Grand Hotel Kaifeng* (開封開元名都大酒店).
Kaifeng New Century Grand	Kaifeng New Century Grand Hotel Limited* (開封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 25 December 2013.
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.
Netherlands Hotel	Holiday Inn Eindhoven, the Netherlands (荷蘭開元假日酒店－埃因霍溫).
New Bank Facilities	In June 2016, the Group has entered into the loan agreements with Wing Lung Bank, Limited and Standard Chartered Bank (Hong Kong) Limited, pursuant to which the Group has obtained an offshore loan facility of USD280,000,000 (equivalent to RMB1,856,736,000) and an onshore loan facility of RMB295,400,000.
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 by the supplemental offering circular dated 29 June 2013.
PRC or China	the People's Republic of China, excluding, for this report only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan.

Property Companies	Changchun New Century Grand, Zhejiang New Century Hotel, Ningbo New Century Grand, Qiandao Lake Resort and Xiaoshan Hotel Company Shanghai Songjiang Hui Wei and Kaifeng New Century Grand.
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.
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), and a wholly-owned subsidiary of New Century REIT, incorporated in the PRC on 17 April 2013.
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) or 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 2016, 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.



## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

sq.m.	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).
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.*



**New Century Real Estate Investment Trust**

**開元產業投資信託基金**

(股份代號：1275)