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**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)**

**Managed by**  
**NEW CENTURY ASSET MANAGEMENT LIMITED**

**ANNOUNCEMENT**

**MAJOR DISPOSAL**  
**IN RELATION TO THE SHARE PURCHASE AGREEMENT**  
**TO DISPOSE**  
**SHANGHAI HOTEL**

**THE DISPOSAL**

On 24 March 2017, New Century REIT (through its wholly-owned subsidiary, Full Wise HK) entered into the Share Purchase Agreement with the Purchaser for the disposal of the entire registered capital of the Target Company to the Purchaser. The Target Company holds the entire registered capital of the Property Company, which in turn holds the Shanghai Hotel. Following the Completion, New Century REIT will cease to hold any interest in the Disposed Group and hence in the Shanghai Hotel.

The Consideration is equal to the Agreed Property Value of RMB800 million and will be adjusted by the other assets and liabilities (excluding deferred tax liabilities) of the Target Group as at 31 December 2016 (after taking into account the declaration of dividend of RMB38 million by the Target Company before the Completion) (such adjustment being the Net Asset Adjustment).

As at 28 February 2017, the Shanghai Hotel, based on existing use, had an Appraised Value of RMB880 million according to the Valuation Report prepared by the Principal Valuer. The Agreed Property Value represents a discount of approximately 9.1% when compared against the Appraised Value.

According to the terms of the Share Purchase Agreement, the Purchaser shall pay the Consideration for the Target Company Shares in the aggregate sum of approximately RMB877.28 million in the following instalments: (1) RMB420 million to be paid into the Designated Account within 20 days of the execution of the Share Purchase Agreement; and (2) the remaining balance shall be paid into the Designated Account within five Business Days from the application date for the change of shareholding with the State Administration for Industry and Commerce.

Completion shall take place on any Business Day within five Business Days of the satisfaction or waiver (as the case may be) of the conditions precedent, or such other date as Full Wise HK and the Purchaser may agree. Completion is currently expected to take place on or around 28 April 2017. If the conditions precedent are not satisfied or waived (as the case may be) within 12 months of the execution of the Share Purchase Agreement, Full Wise HK may: (a) postpone the date by which the conditions must be satisfied or waived (as the case may be); or (b) terminate the Share Purchase Agreement by written notice to the Purchaser. The REIT Manager will make a further announcement in respect of the Disposal on the Completion Date (or, where applicable, if the Share Purchase Agreement is terminated).

#### **IMPLICATIONS OF THE DISPOSAL UNDER THE REIT CODE, THE TRUST DEED AND THE LISTING RULES**

This announcement is made by New Century REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

The Consideration together with Expenses represents (i) approximately 41.89% of the total market capitalization of New Century REIT, based on the average closing price of the Units traded on the Stock Exchange for the last five Business Days immediately preceding the date of this announcement; and (ii) approximately 15.94% of the total assets of New Century REIT as at 30 June 2016 (as disclosed in the 2016 Interim Report) after adjusting for the impact of the payment of interim distribution by New Century REIT on 6 October 2016. The revenue attributable to the Target Company represents approximately 19.05% of the total revenue of New Century REIT (as disclosed in the 2015 Annual Report). Accordingly, the Disposal constitutes a major transaction for New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties of New Century REIT. Hence, the Disposal does not constitute a connected party transaction of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval from its controlling

shareholder, Huge Harvest, which directly holds 573,316,503 Units as at the date of this announcement (representing approximately 60.27% of the voting rights of New Century REIT), to approve the Disposal. The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

Based on the advice of Dechert and other factors as set out in this announcement, the Board is satisfied that (i) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT), and (ii) also considers that the Written Approval is in the best interests of New Century REIT and its Unitholders as a whole.

A circular containing, among other things, further information in relation to the Disposal will be despatched to the Unitholders on or around 13 April 2017.

**Warning: Completion is subject to the fulfillment or (where applicable) waiver of the conditions precedent. As such, the Disposal may or may not proceed. Unitholders and potential investors of New Century REIT are advised to exercise caution when dealing in the Units, and are recommended to seek independent professional advice if they are in doubt about their position and as to the actions that they should take.**

## THE SHANGHAI HOTEL

The table below sets out certain key information on the Shanghai Hotel:

General description	Shanghai Hotel is a 5-star hotel situated in Songjiang District, Shanghai, China.
Address	No. 1799, North Songjiang Renmin Road, Songjiang District, Shanghai, China
Date of commencement of hotel operation	18 December 2006
Total gross floor area	Approximately 71,027 sqm

Number of guestrooms and suites	446 guestrooms comprising 256 standard rooms, 145 deluxe rooms and 45 suites
Number of storeys	28 storeys
Number of car park spaces	274 parking lots
Other facilities	14 meeting rooms and function rooms of total 1,728 sqm, with the largest ballroom being 800 sqm with a seating capacity of 600, a business centre, gym and swimming pool, spa, sauna, cards room, snooker, table-tennis room, and hair salon
Average occupancy rate in 2015 and for the six months ended 30 June 2016	65.1%; 62.9%
ADR in 2015 and for the six months ended 30 June 2016	RMB675; RMB675
RevPAR in 2015 and for the six months ended 30 June 2016	RMB439; RMB425
Shanghai Hotel Appraised Value as at 28 February 2017	As at 28 February 2017, the Shanghai Hotel was valued by the Principal Valuer (retained by New Century REIT as required under the REIT Code) at RMB880 million
Term of land use right	From 16 March 2002 to 15 March 2042
Current lease	<p><b>Hotel lease agreement</b></p> <p>Shanghai Hotel (excluding the Car Park, Podium Lease Area and other shop areas currently leased to Independent Third Party lessees) is currently leased to the Shanghai Hotel Lessee for a term of ten years commencing from 31 July 2014. The REIT Manager also has an option, exercisable solely at the REIT Manager's discretion, to renew the hotel lease agreement for a further term of ten years.</p>

The current lease will continue after Completion, and the Property Company will continue to be the lessor. Under the Share Purchase Agreement, the parties agree that, prior to Completion, the Property Company, the Shanghai Hotel Lessee, New Century Tourism and the REIT Manager shall enter into a supplemental agreement, such that the REIT Manager will no longer be a party to the hotel lease agreement currently in force with effect from the Completion Date.

The REIT Manager confirms that there are no consequences or breaches that will arise or be committed under the hotel lease agreement as a result (whether directly or indirectly) of the Disposal.

### **Car park and podium lease agreement**

The Car Park and Podium Lease Area of Shanghai Hotel is currently leased to the Car Park and Podium Lessee for a term of eight years and two months commencing from 1 June 2016 until 30 July 2024. The Property Company has the sole discretion to renew the lease with respect to the Car Park and all or certain part of the Podium Lease Area for a further term of ten years.

The current lease will continue after Completion, and the Property Company will continue to be the lessor.

## **THE DISPOSAL**

On 24 March 2017, New Century REIT (through its wholly-owned subsidiary, Full Wise HK) entered into the Share Purchase Agreement with the Purchaser for the disposal of the entire registered capital of the Target Company to the Purchaser. The Target Company holds the entire registered capital of the Property Company, which in turn holds the Shanghai Hotel. Following the Completion, New Century REIT will cease to hold any interest in the Disposed Group and hence in the Shanghai Hotel. The Share Purchase Agreement sets out the terms of the Disposal, with the key terms being summarized below:

### **Key terms of the Share Purchase Agreement**

Date: 24 March 2017

Parties: (1) Hangzhou Industrial & Commercial Trust Co., Ltd.\* (杭州工商信托股份有限公司), a company incorporated under the laws of the PRC with limited liability, as the Purchaser; and

- (2) Full Wise Industrial Limited, a private limited liability company incorporated under the laws of Hong Kong, and a wholly-owned subsidiary of New Century REIT, as the vendor.

Assets being disposed of: the Target Company Shares

Consideration and payment of consideration: The Purchaser shall pay the consideration for the Target Company Shares in the aggregate sum of approximately RMB877.28 million (the “**Consideration**”) in the following instalments:

- (1) RMB420 million to be paid into the Designated Account within 20 days of the execution of the Share Purchase Agreement (on the premise that item (1) of the conditions precedent (as disclosed below) has been satisfied or waived); and
- (2) the remaining balance shall be paid into the Designated Account within five Business Days from the application date for the change of shareholding with the State Administration for Industry and Commerce (on the premise that items (1), (3) and (4) of the conditions precedent (as disclosed below) have been satisfied or waived).

The Purchaser shall be deemed to have fulfilled its payment obligations under the Share Purchase Agreement upon payment of the aggregate sum of the Consideration (excluding any withholding tax payable) into the Designated Account. Any risks or additional expenses incurred as a result of capital custody or repatriation of funds in relation to the Disposal shall be borne by Full Wise HK.

Notwithstanding any other terms in the Share Purchase Agreement, upon payment by the Purchaser of part of or the whole sum of the Consideration into the Designated Account, the Purchaser shall endeavour to assist Full Wise HK to repatriate such funds (excluding any withholding tax payable in connection with the transfer of the Target Company Shares) as a result of the Disposal out of the PRC. The repatriation of such funds shall however not affect the fulfillment of the Purchaser’s payment obligations under the Share Purchase Agreement.

The Consideration is equal to the Agreed Property Value of RMB800 million and will be adjusted by the other assets and liabilities (excluding deferred tax liabilities) of the Target Group as at 31 December 2016 (after taking into account the declaration of dividend of RMB38 million by the Target Company before the Completion) (such adjustment being the Net Asset Adjustment).

As at 28 February 2017, the Shanghai Hotel, based on existing use, had an Appraised Value of RMB880 million according to the Valuation Report prepared by the Principal Valuer. The Agreed Property Value represents a discount of approximately 9.1% when compared against the Appraised Value.

Conditions precedent:

Completion is subject to and conditional upon the satisfaction or waiver (as the case may be) of the following conditions:

- (1) the obtainment by both Full Wise HK and the Purchaser of their relevant respective internal decisions, resolutions or approvals in relation to authorizing the transfer of the Target Company Shares;
- (2) payment of the aggregate sum of the Consideration into the Designated Account (excluding any withholding tax payable in connection with the transfer of the Target Company Shares);
- (3) completion of the requisite wholly foreign-owned enterprise filings, and also business registration and filings with the State Administration for Industry and Commerce by the Target Company, and obtainment of the Target Company's business licence issued by the State Administration for Industry and Commerce;
- (4) completion of the requisite business registration and filings with the State Administration for Industry and Commerce by the Target Company and the Property Company in relation to the change of articles of association, directors, supervisors and senior management;
- (5) Full Wise HK having complied in all material respects with its obligations, covenants and undertakings under the Share Purchase Agreement; and

- (6) all consents and waivers required in connection with the Disposal having been obtained and not revoked.

If the conditions precedent are not satisfied or waived (as the case may be) by the Long Stop Date, Full Wise HK may:

- (a) postpone the date by which the conditions must be satisfied or waived (as the case may be); or
- (b) terminate the Share Purchase Agreement by written notice to the Purchaser.

Although Completion is expected to take place on or around 28 April 2017, the Long Stop Date has been set at a date 12 months from the execution date of the Share Purchase Agreement to provide more flexibility to both parties. Given that the time needed for regulatory filings and updates in the PRC is inherently uncertain, the REIT Manager is of the view that allowing a longer period within which the conditions precedent may be satisfied (or waived, as the case may be) would be beneficial to all parties.

Expected date of Completion: Completion shall take place on any Business Day within five Business Days of the satisfaction or waiver (as the case may be) of the conditions precedent, or such other date as Full Wise HK and the Purchaser may agree. Completion is currently expected to take place on or around 28 April 2017.

Other major terms: The Target Company agrees and acknowledges that from the date of execution of the Share Purchase Agreement up until Completion, unless prior written consent of the Purchaser is obtained, it will not:

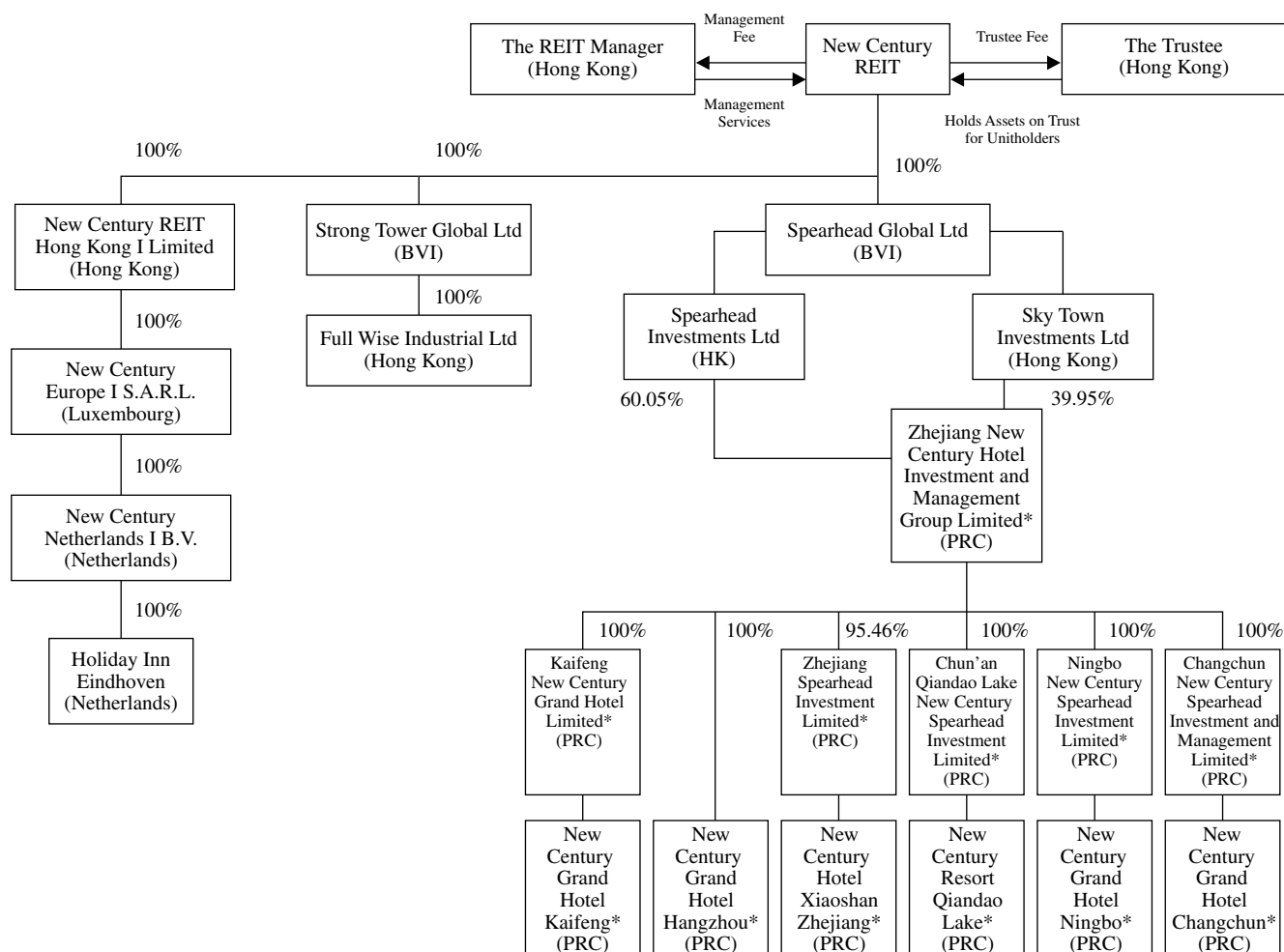
- (1) enter into or agree to enter into (except during the course of normal business operations) any transaction agreements or any documents under which it will undertake any responsibility;
- (2) procure the Property Company to dispose of, or agree that the Property Company shall dispose of, any rights in Shanghai Hotel;



- (3) resolve to distribute, or agree to resolve to distribute, any dividend bonus (excluding the declaration of dividend of RMB38 million by the Target Company before Completion);  
or
- (4) take, or agree to take, any action which would cause the Target Company's financial condition to deteriorate as compared to that as at the execution date of the Share Purchase Agreement.

The parties agree that, prior to Completion, the Property Company, the Shanghai Hotel Lessee, New Century Tourism and the REIT Manager shall enter into a supplemental agreement, such that the REIT Manager will no longer be a party to the hotel lease agreement currently in force with effect from the Completion Date.

After Completion, New Century REIT will cease to hold any interest in the Disposed Group. Set out below is a simplified chart showing the holding structure of New Century REIT immediately after Completion:



## INFORMATION ON NEW CENTURY REIT, FULL WISE HK AND THE PURCHASER

New Century REIT is a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange.

Full Wise HK is a private limited liability company incorporated in Hong Kong, and a wholly-owned subsidiary of New Century REIT. Full Wise HK is an investment holding company and is principally engaged in investment and asset management.

The Purchaser is a company incorporated in the PRC with limited liability, principally engaged in providing asset management and corporate finance services to private, corporate and institutional clients. The Purchaser and its ultimate beneficial owners are Independent Third Parties of New Century REIT.

## FEES AND CHARGES

On Completion, the REIT Manager will be entitled, under the Trust Deed, to receive a divestment fee of approximately RMB4.39 million (“**REIT Manager Fee**”) which is equal to 0.5% of the Consideration and which shall be paid to the REIT Manager in cash.

Also, pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee which are of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties in the ordinary course of New Century REIT’s normal day-to-day business operations. The Trustee has agreed with the REIT Manager that it will charge New Century REIT a one-time additional fee based on the time and costs incurred by it for duties undertaken by the Trustee in connection with the Disposal, with such additional fee expected to be HK\$70,000 (“**Trustee’s Additional Fee**”).

## FINANCIAL INFORMATION ON THE DISPOSED GROUP

Following Completion, New Century REIT will cease to hold any interest in the Disposed Group and hence in the Shanghai Hotel. The net profit of the Disposed Group for the two years ended 31 December 2015 and 2016 are as follows:

	For the six months ended/as at 30 June 2016 (unaudited) RMB (million)	Approximate % of New Century REIT	For the year ended/ as at 31 December 2015 (unaudited) RMB (million)	Approximate % of New Century REIT	For the period between 31 July 2014 and/as at 31 December 2014 (unaudited) RMB (million) <sup>1</sup>	Approximate % of New Century REIT
Net profit before tax	36.6	29.5% of New Century REIT’s gross profit for the six months ended 30 June 2016	74.29	31.4% of New Century REIT’s gross profit for the financial year ended 31 December 2015	22.2	20.7% of New Century REIT’s gross profit for the six months ended 31 December 2014
Net profit after tax	27.5	22.1% of New Century REIT’s gross profit for the six months ended 30 June 2016	55.67	23.5% of New Century REIT’s gross profit for the financial year ended 31 December 2015	16.6	15.4% of New Century REIT’s gross profit for the six months ended 31 December 2014
Total assets	983.3	17.5% of New Century REIT’s total assets as at 30 June 2016	955.67	17.4% of New Century REIT’s total assets as at 31 December 2015	885.8	17.2% of New Century REIT’s total assets as at 31 December 2014

*Note 1: Acquisition of the Shanghai Hotel by the New Century REIT Group was completed on 31 July 2014. Accordingly, financial information on the Disposed Group is only available for the period between 31 July 2014 and 31 December 2014, and also as at 31 December 2014.*

Rental income (after VAT) generated from the Shanghai Hotel for the two years ended 31 December 2015 and 31 December 2016 were approximately RMB58.56 million and RMB54.22 million respectively. As at 28 February 2017, the Appraised Value of the Shanghai Hotel was RMB880 million.

## **FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS**

As at 28 February 2017, the Shanghai Hotel, based on existing use, had an Appraised Value of RMB880 million according to the Valuation Report prepared by the Principal Valuer. The Agreed Property Value represents a discount of approximately 9.1% when compared against the Appraised Value. On a pro forma basis, as if the Disposal was completed on 31 December 2016, the gain on the Disposal, before tax and expense, would be approximately RMB40.5 million, subject to finalization of the financial accounts of the Disposed Group. To the best knowledge, information and belief of the Directors, based on current information available on the Disposed Group, apart from the normal operating results of the Disposed Group up to the expected Completion Date, there will be no other significant impact on the estimated figure of gain on the Disposal. The Disposal is not expected to have any material adverse impact on the financial position of New Century REIT as compared to that as at 30 June 2016 (as disclosed in the 2016 Interim Report).

The proceeds from the Disposal (being approximately RMB871 million after deducting Expenses from the Consideration) are expected to be used for repayment of bank loans, general working capital of the Company and/or funding for future investment opportunities generally.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL**

Although the REIT Manager was of the view that the acquisition of Shanghai Hotel in 2014 was in the best interests of New Century REIT and its Unitholders as a whole, due to changing market conditions, the REIT Manager believes that the Disposal is in the best interests of New Century REIT and its Unitholders as a whole, and its key benefits are as follows:

### **1. Declining performance of the Shanghai Hotel**

For the six months ended 30 June 2016, the Shanghai Hotel recorded a decrease of 3.1% year-on-year (“YoY”) and 22.8% YoY of room department revenue and food and beverage revenue respectively, which resulted in a 10.3% YoY decrease in total revenue. Occupancy also dropped by 1.7 percentage points YoY to 62.9%, compared to 2.3 percentage points YoY increase in New Century REIT’s PRC hotel portfolio (excluding Shanghai Hotel) (the “**Other PRC Hotels**”). RevPAR at Shanghai Hotel also dropped by 1% YoY to RMB425, compared to 3.9% YoY increase at the Other PRC Hotels. Both seat utilization rate and revenue per sqm per day

of banquet room at Shanghai Hotel also dropped by 25 percentage points YoY to 125% and 27% YoY to RMB35 respectively, compared to the respective figures of 9.2 percentage points YoY increase and 15% YoY increase in the Other PRC Hotels.

Shanghai Hotel also faces strong competition from other hotels in Shanghai, including among others, Le Meridien Sheshan Shanghai (上海佘山艾美大酒店) and Sofitel Shanghai Sheshan Oriental (上海佘山索菲特大酒店). In view of the strong level of competition, Shanghai Hotel had adjusted its room price rates in order to maintain its occupancy rates. Given the strong level of competition within the Shanghai hospitality market and the increasing number of market players, coupled with the declining financial performance of the Shanghai Hotel, the Board considered that it is not cost-effective to maintain the ownership of the Shanghai Hotel. In addition, given the competition and uncertainty of the hospitality market in Shanghai, it is uncertain whether the Shanghai Hotel will enjoy any future capital appreciation, especially given that the remaining term of the land tenure is only 25 years.

## **2. The Disposal is consistent with New Century REIT's investment objectives and strategies**

The Consideration for the Disposal, being RMB877.28 million, though lower than the Appraised Value of Shanghai Hotel, is approximately RMB177.28 million higher than the initial purchase price (being approximately RMB700 million) paid by the New Century REIT Group for the acquisition of the Shanghai Hotel in June 2014. The Disposal is in line with the REIT Manager's strategy to improve operational performance and efficiency of New Century REIT's portfolio and its investment mandate to enhance returns to Unitholders and improve potential opportunities for future income and capital growth. The Board considered it is a good opportunity to realize part of New Century REIT's investment portfolio and improve its working capital for other potential future investments with higher growth potential, as and when such opportunity arises.

## **3. Expansion of investment footprint and creation of a more diversified property portfolio**

The Disposal would lower the concentration of New Century REIT's investment in a single market (i.e. the PRC property market). The proceeds from the Disposal would also enable the REIT Manager to explore opportunities to invest in properties in other jurisdictions and accordingly contribute to the geographical diversification of New Century REIT's existing portfolio.

## **4. Lowering of New Century REIT's gearing ratio**

Furthermore, the gearing ratio (gross borrowings excluding transaction costs over total asset value) of New Century REIT increased from approximately 37.3% as at 31 December 2015 to approximately 43.7% as at 31 December 2016 mainly due to increased bank borrowings for the payment of distribution and financial cost and payment for the acquisition of Holiday Inn Eindhoven. As at the end of January 2017, New Century REIT Group had loans in the aggregate amount of RMB2,611 million. Accordingly, New Century REIT can use the proceeds generated

from the Disposal to partly repay its existing loans, as well as lower its current gearing ratio. On a pro forma basis, as if the Disposal was completed on 31 December 2016, the gearing ratio of New Century REIT would be 41.2% as at 31 December 2016.

## **OPINION OF THE BOARD**

The Board (including all independent non-executive Directors) is satisfied that the Disposal, the entering into by Full Wise HK of the Share Purchase Agreement, the transactions contemplated thereunder and any other transactions contemplated in connection with the Disposal are at arm's length, on normal commercial terms, fair and reasonable and in the best interests of New Century REIT and its Unitholders as a whole. In addition, the Board (including all independent non-executive Directors) is satisfied that the Disposal, the entering into by Full Wise HK of the Share Purchase Agreement, the transactions contemplated thereunder and other transactions contemplated in connection with the Disposal are in compliance with the REIT Code and the Trust Deed.

## **OPINION OF THE TRUSTEE**

Based on the opinion of the Board and the information and confirmations given by the REIT Manager to the Trustee (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has no objection to the Disposal and the entering into by Full Wise HK of the Share Purchase Agreement and the transactions contemplated thereunder. Further, the Trustee is satisfied that the Disposal, the entering into by Full Wise HK of the Share Purchase Agreement and the transactions contemplated thereunder are in compliance with the REIT Code and the Trust Deed.

In addition, based on the opinion of the Board and the information and confirmations given by the REIT Manager to the Trustee (and having taken into account its duties under the Trust Deed and the REIT Code), the Trustee has also confirmed that it is of the view that (i) as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal; and (ii) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT).

## **IMPLICATIONS OF THE DISPOSAL UNDER THE REIT CODE, THE TRUST DEED AND THE LISTING RULES**

This announcement is made by New Century REIT pursuant to paragraphs 10.3 and 10.4 of the REIT Code.

The Consideration together with Expenses represents (i) approximately 41.89% of the total market capitalization of New Century REIT, based on the average closing price of the Units traded on the Stock Exchange for the last five Business Days immediately preceding the date of this announcement; and (ii) approximately 15.94% of the total assets of New Century REIT as at 30 June 2016 (as disclosed in the 2016 Interim Report) after adjusting for the impact of the payment of interim distribution by New Century REIT on 6 October 2016. The revenue attributable to the Target

Company represents approximately 19.05% of the total revenue of New Century REIT (as disclosed in the 2015 Annual Report). Accordingly, the Disposal constitutes a major transaction for New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties of New Century REIT. Hence, the Disposal does not constitute a connected party transaction of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of this announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval from its controlling shareholder, Huge Harvest, which directly holds 573,316,503 Units as at the date of this announcement (representing approximately 60.27% of the voting rights of New Century REIT), to approve the Disposal. The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

Given that in the event that a general meeting is convened to approve the Disposal, to the best of the REIT Manager's knowledge, information and belief, after having made reasonable enquiries, no Unitholders have a material interest in the Disposal and are required to abstain from voting at such general meeting. Therefore, Huge Harvest will be able to vote and pass any ordinary resolution(s) put forward at a general meeting convened to approve the Disposal. Accordingly, the REIT Manager is of the view that acceptance of the Written Approval would not prejudice any Unitholder, as no Unitholder's rights would be adversely affected as a result of acceptance of the Written Approval. Although Unitholders will not be able to put forward any enquiries in the forum of a general meeting as a result of the Written Approval, Unitholders will be kept fully apprised of details regarding the proposed Disposal by way of announcements and circular, and Unitholders can also direct any enquiries to the Board by contacting the REIT Manager. Furthermore, the acceptance of the Written Approval will save time and costs for New Century REIT.

Based on the advice of Dechert and the factors set out above, the Board is satisfied that (i) acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT), and (ii) also considers that the Written Approval in lieu of general meeting to approve the Disposal is in the best interests of New Century REIT and its Unitholders as a whole.

A circular containing, among other things, further information in relation to the Disposal will be despatched to the Unitholders on or around 13 April 2017.

## **FURTHER ANNOUNCEMENT**

Completion shall take place on any Business Day within five Business Days of the satisfaction or waiver (as the case may be) of the conditions precedent, or such other date as Full Wise HK and the Purchaser may agree. Completion is currently expected to take place on or around 28 April 2017. The REIT Manager will make a further announcement in respect of the Disposal on the Completion Date (or, where applicable, if the Share Purchase Agreement is terminated).

## **UNITHOLDERS' COMMUNICATION POLICY**

The REIT Manager has a Unitholders' communication policy in place to ensure that Unitholders are provided with timely and equal access to balanced and understandable information on New Century REIT. Unitholders can direct any enquiries to the Board by contacting the REIT Manager. The contact details of the REIT Manager are as follows:

New Century Asset Management Limited

Address: Unit 4706, 47th Floor, The Center, 99 Queen's Road Central, Hong Kong

Phone: (852) 2153-3588

Fax: (852) 3488-6403

Email: [ir@ncreit.com](mailto:ir@ncreit.com)

Office hours: Monday to Friday 9:00 a.m. to 5:00 p.m.

## **DEFINITIONS**

In this announcement, the following definitions apply throughout unless otherwise stated. Also, where terms are defined and used in only one section of this document, these defined terms are not included in the table below:

2015 Annual Report	means New Century REIT's annual report for the year ended 31 December 2015
2016 Interim Report	means New Century REIT's interim report for the six months ended 30 June 2016
ADR	means average daily rate, which means room revenue (including related service charges and daily breakfast) divided by rooms in use
Agreed Property Value	means the value of Shanghai Hotel as agreed between Full Wise HK and the Purchaser, being RMB800 million



Appraised Value	means the value of Shanghai Hotel as at 28 February 2017, as appraised by the Principal Valuer, being RMB880 million
Board	means the board of Directors of the REIT Manager
Business Day	means a day (excluding, Saturdays, Sundays and public holidays) on which commercial banks are open for business in Hong Kong and the Stock Exchange is open for trading
Car Park	means the car park representing 19.7% of the total gross floor area of Shanghai Hotel
Car Park and Podium Lessee	means Shanghai New Century Enterprise Operation Management Limited* (上海開元企業經營管理有限公司), which is principally engaged in the business of, among others, enterprise operation management and property management
Completion	means completion of the Disposal pursuant to the terms and conditions of the Share Purchase Agreement
Completion Date	means the date on which Completion takes place
Consideration	has the meaning ascribed to this term in section headed “The Disposal – Keys terms of the Share Purchase Agreement”
Designated Account	means an account in the name of Full Wise HK or a designated trustee appointed by Full Wise HK, maintained with the Standard Chartered Bank
Directors	means the directors of the REIT Manager, and each a “Director”
Disposal	means the disposal of the Target Company Shares by Full Wise HK pursuant to the terms and conditions set out in the Share Purchase Agreement
Disposed Group	means, collectively, the Target Company and the Property Company
Expenses	means expenses of approximately RMB6.01 million payable by Full Wise HK in connection with the Disposal, mainly comprising the REIT Manager Fee, Trustee’s Additional Fee and professional expenses

Full Wise HK	means Full Wise Industrial Limited (惠富實業有限公司), a special purpose vehicle incorporated in Hong Kong on 20 September 2012, and a wholly-owned subsidiary of New Century REIT
Hong Kong	means the Hong Kong Special Administrative Region of the PRC
Huge Harvest	means Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the BVI on 11 January 2008, with 83.90%, 9.29% and 6.81% of its issued shares beneficially owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively
Independent Third Party	means an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of New Century REIT
Listing Rules	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
Long Stop Date	means 23 March 2018, being 12 months after the date of execution of the Share Purchase Agreement
Net Asset Adjustment	has the meaning given to this term in the section headed “The Disposal – Key terms of the Share Purchase Agreement – Consideration and payment of consideration”
New Century REIT	means New Century Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorized under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange
New Century REIT Group	means New Century REIT and its subsidiaries
New Century Tourism	means 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
PRC	means the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
Podium Lease Area	means an area of 2,848.27 sqm comprising the private dining area on the third floor and a small area on the first floor of the podium of the Shanghai Hotel

Principal Valuer	means Savills Valuation and Professional Services Limited, the principal valuer of New Century REIT
Property Company	means Shanghai Songjiang Hui Wei Asset Management Limited* (上海松江輝維資產管理有限公司), a company incorporated in the PRC with limited liability on 17 April 2013, a special purpose vehicle holding all the assets of the Shanghai Hotel and a direct wholly-owned subsidiary of the Target Company, with a term of operation from 17 April 2013 to 16 April 2033
Purchaser	means Hangzhou Industrial & Commercial Trust Co., Ltd.* (杭州工商信托股份有限公司), a company incorporated in the PRC with limited liability, being an Independent Third Party of New Century REIT
RMB	means Renminbi, the lawful currency of the PRC
REIT Code	means 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 to by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC
REIT Manager	means New Century Asset Management Limited (開元資產管理有限公司), manager of New Century REIT
REIT Manager Fee	means the divestment fee payable to the REIT Manager as described under the heading “Fees and Charges” of this announcement
RevPAR	means revenue per available room, which is calculated by dividing the total room revenue of hotel(s) (including related service charges and daily breakfast) by the total number of room nights in a given period
SFC	means the Securities and Futures Commission of Hong Kong
SFO	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified and the rules thereunder
sqm	means square metre

Shanghai Hotel	means Songjiang New Century Grand Hotel Shanghai* (上海松江開元名都大酒店), particulars of which have been provided in section headed “The Shanghai Hotel”
Shanghai Hotel Lessee	means Shanghai Songjiang New Century Grand Hotel Limited* (上海松江開元名都大酒店有限公司), a company incorporated in the PRC
Share Purchase Agreement	means the Share Purchase Agreement entered into between Full Wise HK and the Purchaser dated 24 March 2017 in respect of the sale and purchase of the Target Company Shares
Stock Exchange	means The Stock Exchange of Hong Kong Limited
Target Company	means Lishui Full Wise Hotel Management Limited* (麗水惠富酒店管理有限公司, previously known as 麗水惠富商貿有限公司), a direct wholly-owned subsidiary of Full Wise HK incorporated as a wholly foreign-owned enterprise with limited liability in the PRC on 25 February 2013, which has a term of operation from 25 February 2013 to 24 February 2023
Target Company Shares	means the entire registered capital of the Target Company to be acquired by the Purchaser on the terms of and subject to the conditions of the Share Purchase Agreement
Trust Deed	means the trust deed constituting New Century REIT dated 10 June 2013, entered into between the Trustee and the REIT Manager, 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)
Trustee	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of New Century REIT
Trustee’s Additional Fee	means the additional fee payable to the Trustee as described under the heading “Fees and Charges” of this announcement
Unit(s)	means units of New Century REIT
Unitholder(s)	means holders of the Units from time to time
VAT	means value added tax

Valuation Report means the valuation report in respect of the Shanghai Hotel prepared by New Century REIT's Principal Valuer for the purposes of the Disposal in accordance with the REIT Code and the Trust Deed

Written Approval means the written approval from the controlling shareholder of New Century REIT, Huge Harvest, which directly holds 573,316,503 Units as at the date of this announcement (representing approximately 60.27% of the voting rights of New Century REIT), to approve the Disposal

By order of the board  
**New Century Asset Management Limited**  
**as manager of New Century Real Estate Investment Trust**  
**Mr. Chen Miaolin**  
*Chairman*

Hong Kong, 24 March 2017

*As at the date of this announcement, the executive Director of the REIT Manager is Mr. Cheung Yat Ming, the non-executive Directors of the REIT Manager are Mr. Chen Miaolin, Mr. Zhang Guanming, Mr. Tong JinQuan, and the Independent non-executive Directors of the REIT Manager are Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin.*

\* *for identification purposes only*