



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

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))  
(Stock code: 1275)

## INTERIM REPORT 2019





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

Holiday Inn Eindhoven  
荷蘭開元假日酒店 - 埃因霍溫

---

# CONTENTS

3	Financial Highlights	22	Report on Review of Interim Financial Information
5	Chairman's Statement	24	Interim Condensed Consolidated Income Statement
7	Report of the REIT Manager	25	Interim Condensed Consolidated Statement of Comprehensive Income
12	Corporate Governance Report	26	Interim Condensed Consolidated Balance Sheet
14	Connected Party Transactions	28	Interim Consolidated Distribution Statement
18	Disclosure of Interests	29	Interim Condensed Consolidated Statement of Net Assets Attributable to Unitholders and Changes in Equity
21	Other Information	30	Interim Condensed Consolidated Statement of Cash Flows
		31	Notes to the Condensed Consolidated Interim Financial Information
		59	Performance Table
		60	Corporate Information
		61	Definitions and Glossary of Technical Terms

# NEW CENTURY REAL ESTATE INVESTMENT TRUST

The unaudited condensed consolidated interim financial information of New Century Real Estate Investment Trust (“**New Century REIT**”) and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2019 (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**”) was approved by the board of directors of the REIT Manager (the “**Board**”) on 22 August 2019.

## 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 estate globally, with the aim of delivering regular, stable and high distributions to the holders of the units of New Century REIT (the “**Unit(s)**”) (the “**Unitholder(s)**”) and achieving long-term growth in distributions and portfolio valuation while maintaining an appropriate capital structure.

Being the largest domestic, private-sector, star-rated hotel management group in China with 381 star-rated hotels in operation or under development, New Century Tourism Group Limited and its subsidiaries (together the “**New Century Tourism Group**”) is the sponsor of New Century REIT. In terms of the number of hotel guest rooms in operation, New Century Tourism Group was ranked 25th globally in 2018, as published by Hotels Magazine in July/August 2019.

As at 30 June 2019, New Century REIT’s portfolio comprised five 5-star hotels and two 4-star hotels, namely, New Century Grand Hotel Hangzhou (杭州開元名都大酒店) (the “**Hangzhou Hotel**”), New Century Resort Qiandao Lake Hangzhou (杭州千島湖開元度假村) (the “**Qiandao Lake Hotel**”), New Century Grand Hotel Ningbo (寧波開元名都大酒店) (the “**Ningbo Hotel**”), New Century Grand Hotel Changchun (長春開元名都大酒店) (the “**Changchun Hotel**”), New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館) (the “**Xiaoshan Hotel**”), (collectively, the “**Initial Hotel Properties**”), New Century Grand Hotel Kaifeng (開封開元名都大酒店) (the “**Kaifeng Hotel**”), and Holiday Inn Eindhoven (荷蘭開元假日酒店－埃因霍溫) (the “**Netherlands Hotel**”) (together, the “**Hotel Properties**”).

Of the Hotel Properties, six are located in China (the “**PRC Hotels**”) and one is located in the Netherlands. Altogether they have an aggregate of 2,582 rooms and 386,261 square meters (“**sq.m.**”) in total gross floor area (“**GFA**”). The majority of the hotels within our portfolio were rated within the top 2.0% best hotels in their respective cities by TripAdvisor.com as at 2 August 2019.

# FINANCIAL HIGHLIGHTS

## KEY FINANCIAL FIGURES FOR THE REPORTING PERIOD

(expressed in thousands of Renminbi ("RMB") unless otherwise specified)

	(Unaudited) For the six months ended 30 June 2019 RMB'000	(Unaudited) For the six months ended 30 June 2018 RMB'000	Percentage Increase/ (Decrease)
<b>Total revenue</b>	<b>127,630</b>	135,638	(5.9)%
<b>Profit attributable to Unitholders</b>	<b>7,794</b>	27,114	(71.3)%
<b>Adjusted distributable income/(loss) for the period</b>	<b>37,584</b>	(5,127)	833.1%
<b>Payout ratio (%)</b>	<b>90%</b>	N/A	N/A
Interim distribution	<b>33,826</b>	–	N/A
Special distribution	–	50,000	(100.0)%
<b>Total distribution for the period</b>	<b>33,826</b>	50,000	(32.3)%
<b>Per Unit Figures</b>			
<b>Distribution per Unit ("DPU")</b>			
DPU (RMB) <sup>1</sup>	<b>0.0350</b>	0.0522	(33.0)%
DPU (HKD) <sup>1&amp;2</sup>	<b>0.0390</b>	0.0597	(34.7)%
	(Unaudited) As at 30 June 2019	(Audited) As at 31 December 2018	Percentage Increase/ (Decrease)
Net assets attributable to Unitholders per Unit (" <b>NAV per Unit</b> ") (RMB) <sup>3</sup>	<b>2.3798</b>	2.4251	(1.9)%
<b>Ratio</b>			
Gearing ratio <sup>4</sup>	<b>37.7%</b>	39.4%	(1.7)%

# FINANCIAL HIGHLIGHTS

## Notes:

1. The DPU of RMB0.0350 for the Reporting Period is calculated by dividing the total distribution of RMB33,826,000 for the Reporting Period by 966,935,143 Units in issue as at 30 June 2019.

The DPU of RMB0.0522 for the six months ended 30 June 2018 is calculated by dividing the total distribution of RMB50,000,000 for the six months ended 30 June 2018 by 958,500,829 Units in issue as at 30 June 2018.

2. Unless indicated otherwise, amounts specified in Hong Kong dollars (“**HKD**”) are based on an exchange rate of HKD1=RMB0.87966 as at 30 June 2019 (As at 31 December 2018: HKD1=RMB0.8762 and 30 June 2018: HKD1=RMB0.8431) while amounts specified in United States dollars (“**USD**”) are based on the exchange rate of USD1=RMB6.8747 as at 30 June 2019 (As at 31 December 2018: USD1=RMB6.8632 and 30 June 2018: USD1=RMB6.6166).

Distribution payable to Unitholders is paid in Hong Kong dollar. The exchange rate adopted by the REIT Manager for the total distribution of the Reporting Period is HKD1=RMB0.8973 (2018: HKD1=RMB0.8744), 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.

3. NAV per Unit as at 30 June 2019 of RMB2.3798 (As at 31 December 2018: RMB2.4251) is calculated by dividing net assets attributable to Unitholders of RMB2,301,096,000 (As at 31 December 2018: RMB2,334,110,000) by the number of Units in issue as at 30 June 2019 of 966,935,143 (As at 31 December 2018: 962,464,398).

4. Gearing ratio is calculated based on the total gross borrowings excluding transaction costs over the total assets as at the end of each reporting period.

# CHAIRMAN'S STATEMENT

## Dear Unitholders,

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

Thanks to the slower but relatively healthy economic growth in China and improving experiences and services provided by market players, the economic potential of China's domestic cultural and tourism market is constantly being released. In the first half of 2019, the estimated number of domestic tourists amounted to 3.08 billion and the tourism income was estimated at RMB2.78 trillion, up 8.8% YoY and 13.5% YoY respectively.

During the Reporting Period, our unique high base rent income structure continued to demonstrate the downside protection to our Unitholders, who received a stable distribution amid the unstable global economic environment. Based on the closing market price of the Units of HK\$1.70 on 28 June 2019, our annualised distribution yield amounted to 4.6% per annum.

The New Century Tourism rental guarantee together with the bank guarantee or one-year cash security deposit for the PRC Hotels, plus the rental guarantee from the lessee's parent company of the Netherlands Hotel have also offered strong protection against rental collectability risk.

Leveraging on New Century Tourism Group's 381 star-rated hotel platform and the rich management experience of our lessees, our Hotel Properties have been managed cost effectively to accomplish a stable performance. New Century Tourism Group increased its Century Club loyal memberships by 12% to approximately 8.6 million from 31 December 2018 to 30 June 2019, which significantly expanded the customer base and the potential customers' awareness of our hotels.

In March 2019, New Century Tourism Group successfully listed its then subsidiary, Zhejiang New Century Hotel Management Co., Ltd. (stock code: 1158.HK), on the main board of The Stock Exchange of Hong Kong Limited which substantially promotes the brand name of New Century and enhances the transparency of New Century Tourism Group, an ultimate major shareholder of our lessees, which are beneficial to the Group.

## PROSPECTS

While global economic and political environments remain volatile, China still has numerous administrative and fiscal tools for sustaining its economic growth. We continue to believe more favorable policies will be introduced in China to convert itself into a more consumption driven economy. All these should indirectly benefit the hotel and tourism industries in China.

With stable positive performance, the Netherlands Hotel should continue to benefit from the healthy Netherlands economy and strong hi-tech industry conditions in the city of Eindhoven.

Uncertain outcomes from the lengthy US-China trade dispute and Brexit may lead to a slow down in economic momentum globally especially among well developed countries and then weigh on corporate and leisure travel. However, our Hotel Properties should continue to offer high cash yield in addition to solid downside protection.

## CHAIRMAN'S STATEMENT

We are optimistic on the long-term potential and strength of the global hotel industry. Being among the key industries that contribute towards transforming China's economy into a domestic consumption driven economy, the PRC tourism industry will continue to benefit from the supportive measures promulgated by the Chinese government. We anticipate that China's hotel supply and demand dynamics will become noticeably more favorable in the medium term, with continuous healthy growth in new demand, coupled with the expected fall in completion of new hotels. All these factors should support medium-to long-term higher average room rates and food and beverage ("F&B") charges, and hence higher profitability of the hospitality sector. We remain positive in our medium to long-term outlook of China's hotel industry.

We are actively pursuing overseas investment opportunities for all asset types that deliver long-term stable income to the Unitholders. The importance of broadening our asset base remains a paramount consideration. Our geographically diversified portfolio of quality assets is expected to continue to provide New Century REIT with the benefits of income diversification and sustainable returns for our Unitholders.

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

On Behalf of the Board

**New Century Asset Management Limited**

(as the manager of New Century REIT)

**Jin Wenjie**

*Chairman*

Hong Kong, 22 August 2019



# 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

Total revenue and profit attributable to Unitholders of New Century REIT for the Reporting Period were RMB128 million (2018: RMB136 million) and RMB8 million (2018: RMB27 million) respectively. Apart from the decrease in revenue caused by the reduction of minimum base rent of the Initial Hotel Properties, the decline in profit attributable to Unitholders was also due to the increase in fair value losses on outstanding derivative financial instruments, the decrease in fair value gains of investment properties and unrealised net foreign exchange losses, the impact of which has been eliminated when determining the distributable income for the Reporting Period. The adjusted distributable income for the Reporting Period was RMB38 million (2018: loss RMB5 million). Excluding the impact of the non-recurring accumulated realised exchange losses on repayment of bank borrowings and accumulated realised fair value losses upon settlement of derivative financial instruments, the adjusted distributable income for the Reporting Period reduced by approximately RMB6 million. The total DPU for the Reporting Period was RMB0.0350 or equivalent to HKD0.0390 (2018: RMB0.0522 or equivalent to HKD0.0597 representing special distribution per Unit), based on a payout ratio of 90% for 2019 (2018: not applicable). The annualised distribution yield was 4.6% based on the closing market price of the Units of HKD1.70 on 28 June 2019.

Revenue of New Century REIT for the Reporting Period was made up of (i) RMB115 million (2018: RMB122 million) rental income in respect of the leases of the Hotel Properties and (ii) RMB13 million (2018: RMB14 million) other rental income from the leasing of commercial and office spaces, shopping and recreational areas in the Hotel Properties under various individual lease agreements.

Since the opening of Hangzhou-Huangshan High-speed Railway (杭黃高鐵), which significantly shortens the travelling time from various cities/towns to Qiandao Lake area together with the effective marketing plans launched by Qiandao Lake Hotel, the overall performance of the Qiandao Lake Hotel was the best among the Hotel Properties during the Reporting Period in terms of revenue growth and occupancy. Its total revenue increased by 7.0% YoY and the average occupancy rate was 73.4%, having increased by 10.8 percentage points YoY during the Reporting Period.

Prudent cost control measures have been implemented in relation to the Hotel Properties during the Reporting Period, which contributed to relatively stable portfolio core gross operating profit margins. Overall, (i) our high-base rent long-term leases, with either bank guarantee(s) or one-year cash securities deposits for the PRC hotels, and (ii) the high-base rent long-term hotel lease for the Netherlands Hotel help mitigate any overall hotel market volatility in future.

## HEALTHY FINANCIAL POSITION

As at 30 June 2019, New Century REIT had in aggregate gross borrowings of RMB2,051 million (As at 31 December 2018: RMB2,223 million) and undrawn banking facilities in the aggregate sum of RMB2,426 million including offshore facilities of HKD2,530 million (equivalent to RMB2,226 million) and onshore facilities of RMB200 million (As at 31 December 2018: US\$71 million (equivalent to RMB487 million)) providing ample financial resources for New Century REIT. As at 30 June 2019, the valuation of the Hotel Properties, as appraised by Cushman & Wakefield Limited and its affiliates, was RMB4,988 million (As at 31 December 2018: RMB4,979 million).

As at 30 June 2019, the gearing ratio of New Century REIT was approximately 37.7% (As at 31 December 2018: 39.4%), being the ratio of the total gross borrowings (excluding transaction costs) of RMB2,051 million (As at 31 December 2018: RMB2,223 million) over the total asset value of RMB5,434 million (As at 31 December 2018: RMB5,636 million), which was below the maximum limit of 45% as permitted under the REIT Code.

## REPORT OF THE REIT MANAGER

New Century REIT had total cash and cash equivalents and restricted cash of RMB407 million (As at 31 December 2018: RMB594 million), which comprised RMB203 million (As at 31 December 2018: RMB332 million) in unrestricted cash and RMB204 million (As at 31 December 2018: RMB262 million) in restricted cash as at 30 June 2019. 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 the total gross borrowings of RMB2,051 million, as at 30 June 2019, 100% of total borrowings was payable on demand or within one year (As at 31 December 2018: total gross borrowings of RMB2,223 million of which 94.9% was payable on demand or within one year, and 5.1% was between two and three years).

In June 2019, the Group entered into term loan facilities with, among others, (i) CMB Wing Lung Bank Limited, Standard Chartered Bank (Hong Kong) Limited and Hang Seng Bank Limited as mandated lead arrangers and bookrunners, China Minsheng Banking Corp., Ltd. Hong Kong Branch and China Construction Bank (Asia) Corporation Limited as mandated lead arrangers, Industrial Bank Co., Ltd. Hong Kong Branch and Bank of Shanghai (Hong Kong) Ltd. as lead arrangers with an amount of HKD1,911 million (equivalent to approximately RMB1,681 million) of the offshore loan and (ii) CMB Wing Lung Bank Limited Shanghai Branch, Standard Chartered Bank (China) Limited and Hang Seng Bank (China) Limited as mandated lead arrangers and bookrunners with an amount of RMB200 million of the onshore loans for a period of three years to repay original loan facilities which matured in July 2019.

### FOREIGN CURRENCY EXCHANGE RISK AND INTEREST RATE RISK

The Group's exposure to foreign exchange risk relates principally to its cash and cash equivalents and bank borrowings, which are denominated primarily in USD and HKD. Considering the depreciation tendency of the RMB in 2019, the REIT Manager will closely monitor the foreign exchange market and will take appropriate protection actions when necessary.

To manage our interest rate risk, the Group had entered into various derivative financial instruments including interest rate swaps and interest rate caps with commercial banks, which effectively convert the borrowing interest rates from floating rates to fixed rates and keep the floating interest rates within the cap rates respectively. As at 30 June 2019, the notional principal amount of the outstanding interest rate swaps was USD230 million (equivalent to RMB1,581 million) (As at 31 December 2018: USD230 million (equivalent to RMB1,579 million)), and the fixed interest rate was 3.11% per annum (As at 31 December 2018: 3.11% per annum). In May 2019, the notional principal amount of the outstanding interest rate cap of Euro ("EUR") 13.1 million or equivalent to RMB103 million as at 31 December 2018 at a 5-year cap rate of 4.4% per annum was unwinded upon the settlement of the underlying bank loan. The remaining borrowings of approximately RMB470 million (As at 31 December 2018: RMB541 million) were at floating rates. Altogether, as at 30 June 2019, total gross borrowings of approximately RMB1,581 million (As at 31 December 2018: RMB1,579 million) were at fixed rates and RMB470 million (As at 31 December 2018: RMB644 million) were at floating rates.

### ASSET ENHANCEMENT

To maintain the quality of the Hotel Properties, a number of major capex and asset enhancement works were completed or remained in progress in the Hotel Properties. At Hangzhou Hotel, a total of 299 rooms are undergoing renovation by phases. At Ningbo Hotel, rooftop waterproof works have been carried out; lighting and curtains have been replaced in hotel rooms. At Kaifeng Hotel, tiles on the rooftop have been reinforced and large scale lift maintenance works have been completed. At Xiaoshan Hotel, the cooling tower and carpets in restaurants have been replaced. The proactive implementation of asset enhancement initiatives is expected to enhance New Century REIT's product offerings as well as the long-term revenue generating ability of its properties.

# REPORT OF THE REIT MANAGER

## KEY HOTEL OPERATING HIGHLIGHTS

The following tables sets forth information on the average occupancy rates (“Occupancy”), average daily rate with room revenue divided by rooms in use (“ADR”) and average revenue per available room (“RevPAR”) of the Hotel Properties for the six months ended 30 June 2019 and 2018 respectively.

For the six months ended 30 June 2019	Occupancy %	ADR* RMB (excl. Value-Added Tax (“VAT”))	RevPAR* RMB (excl. VAT)
New Century Grand Hotel Hangzhou	67.1%	504	338
New Century Hotel Xiaoshan Zhejiang	65.9%	335	221
New Century Resort Qiandao Lake Hangzhou	73.4%	579	425
New Century Grand Hotel Ningbo	66.3%	527	349
New Century Grand Hotel Changchun	58.5%	420	246
New Century Grand Hotel Kaifeng	53.9%	527	284
<b>Weighted Average (PRC Hotels)</b>	<b>64.2%</b>	<b>481</b>	<b>309</b>
Holiday Inn Eindhoven**	79.3%	685	544
<b>Weighted Average (Hotel Properties)</b>	<b>65.4%</b>	<b>500</b>	<b>327</b>

*Notes:*

\* Except for Holiday Inn Eindhoven, the ADR and RevPAR included complimentary breakfast for hotel room guests.

\*\* Amounts denominated in Euros have been converted into RMB using the exchange rate of EUR1 = RMB7.8170 as at 30 June 2019.

For the six months ended 30 June 2018	Occupancy %	ADR* RMB (excl. VAT)	RevPAR* RMB (excl. VAT)
New Century Grand Hotel Hangzhou	67.1%	536	360
New Century Hotel Xiaoshan Zhejiang	71.6%	340	243
New Century Resort Qiandao Lake Hangzhou	62.6%	608	381
New Century Grand Hotel Ningbo	67.5%	538	363
New Century Grand Hotel Changchun	57.4%	475	272
New Century Grand Hotel Kaifeng	53.2%	544	290
<b>Weighted Average (PRC Hotels)</b>	<b>64.0%</b>	<b>502</b>	<b>322</b>
Holiday Inn Eindhoven**	80.0%	662	529
<b>Weighted Average (Hotel Properties)</b>	<b>65.3%</b>	<b>518</b>	<b>338</b>

*Notes:*

\* Except for Holiday Inn Eindhoven, the ADR and RevPAR included complimentary breakfast for hotel room guests.

\*\* Amounts denominated in Euros have been converted into RMB using the exchange rate of EUR1 = RMB7.6515 as at 30 June 2018.

## REPORT OF THE REIT MANAGER

The following tables set forth information on the average F&B spending per customer (“**F&B Spending Per Customer**”), average outlets seat utilisation rate (“**F&B Outlet Utilisation Rate**”) and average revenue per square meter per day of banquet rooms (“**Revenue Per Sq. M. Per Day of Banquet Room**”) at the PRC Hotels for the six months ended 30 June 2019 and 2018 respectively:

	F&B Spending Per Customer RMB* (excl. VAT)	F&B Outlet Utilisation Rate %	Revenue Per SQ.M. Per Day of Banquet Room RMB (excl. VAT)
<b>For the six months ended 30 June 2019</b>			
New Century Grand Hotel Hangzhou	183	185%	50
New Century Hotel Xiaoshan Zhejiang	133	125%	61
New Century Resort Qiandao Lake Hangzhou	88	149%	9
New Century Grand Hotel Ningbo	153	171%	45
New Century Grand Hotel Changchun	109	104%	16
New Century Grand Hotel Kaifeng	99	157%	14
<b>Weighted Average (PRC Hotels)</b>	<b>137</b>	<b>150%</b>	<b>36</b>

Note:

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

	F&B Spending Per Customer RMB* (excl. VAT)	F&B Outlet Utilisation Rate %	Revenue Per SQ.M. Per Day of Banquet Room RMB (excl. VAT)
<b>For the six months ended 30 June 2018</b>			
New Century Grand Hotel Hangzhou	187	183%	71
New Century Hotel Xiaoshan Zhejiang	136	135%	70
New Century Resort Qiandao Lake Hangzhou	93	122%	10
New Century Grand Hotel Ningbo	168	160%	53
New Century Grand Hotel Changchun	127	96%	17
New Century Grand Hotel Kaifeng	98	168%	15
<b>Weighted Average (PRC Hotels)</b>	<b>143</b>	<b>147%</b>	<b>45</b>

Note:

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

### KEY HOTEL OPERATION INITIATIVES

The Hotels Properties have continued to take initiatives to improve revenue, reduce operating expenses, and enhance operating efficiency. In order to increase overall hotel revenue, the PRC Hotels had expanded their focus on tour business and online booking by strengthening the connection with online travel agencies (“OTA”) and other travel agents. During the Reporting Period, 24.4% of our revenue was derived from OTA sales channels as compared to 12.8% in 2018. In addition, incentives were offered and various promotional and marketing events were held to promote conferences and banquet business. On the other hand, cost-saving measures were implemented to reduce operating expenses.

For the Netherlands Hotel, benefitting from Eindhoven’s growing high-tech sector, focus has been placed on corporate clients. In addition, the Netherlands Hotel enjoys strong international brand recognition and marketing platform. To ensure overall quality in the long term, which in turn will improve the loyalty of hotel guests and hotel performance, the hotel has been dedicating resources towards staff training and coaching.

### PLEDGE OF ASSETS

As at 30 June 2019, the Hotel Properties with an aggregate carrying value of RMB4,988 million (As at 31 December 2018: RMB4,979 million), restricted cash and trade receivables (including trade receivables due from related parties) with an aggregate value of RMB231 million (As at 31 December 2018: RMB286 million), certain corporate guarantees and equity interests of certain subsidiaries were pledged to secure bank loan borrowings with an aggregate principal amount of RMB2,051 million (As at 31 December 2018: RMB2,223 million). For details, please refer to Notes 13, 16(a), 17(b), 21 and 26(c) of the notes to the condensed consolidated interim financial information.

### OUTLOOK

Looking forward, the risks for international economic development are mainly political in nature. The slump in global trading is partly the result of the ongoing tariff war between the US and China. In addition to this trade war, the Brexit affair is also causing an uproar, in which the UK will again attempt to leave the European Union in October this year. In China, the economic growth is slower but still relatively healthy. Against this backdrop, the overall global economy and financial markets are generally expected to be volatile for the remainder of 2019. Leveraging on the high-base rent long-term operating lease structure, our Hotel Portfolio should continue to be resilient to the increased volatility and uncertainty globally.

We will continue to look for growth opportunities through acquisitions from the New Century Tourism Group or third-party sources globally. Overseas investment opportunities remain available for high-quality and upscale hotels and various asset types including commercial buildings with long-term stable income streams. Potential acquisitions will be funded with internal resources, debt facilities, and/or proceeds from equity issuances. We believe that investing in different asset classes with stable long-term income stream across the globe will help maximise the long-term sustainable growth of New Century REIT and diversify the risks from a single market.

### EMPLOYEES

New Century REIT is managed by the REIT Manager and the Trustee. By contracting out such services, New Century REIT, through its subsidiaries, had three employees (As at 31 December 2018: three employees) in its own right as at 30 June 2019 and such costs were 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.

### COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, both the REIT Manager and New Century REIT have been in compliance with the relevant laws, applicable regulations of the Hong Kong, PRC and Europe that have a significant impact on both the REIT Manager and New Century REIT.

On behalf of the Board

**New Century Asset Management Limited**  
(as the manager of New Century REIT)

**CHEUNG Yat Ming**

*Executive Director and Chief Executive Officer*

Hong Kong, 22 August 2019

# 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 (the “**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. During the six months ended 30 June 2019, New Century REIT and the REIT Manager have 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 2019, 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 seven members, including one executive Director, three non-executive Directors and three independent non-executive Directors.

As at 30 June 2019, the Board comprised the following members:

Mr. Jin Wenjie (*Chairman and non-executive Director*)  
Mr. Cheung Yat Ming (*executive Director and chief executive officer*)  
Mr. Zhang Guanming (*non-executive Director*)  
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 2019, the composition of each Board committees was as follows:

## **AUDIT COMMITTEE**

Chairman: Mr. Yu Hon To David  
Member: Mr. Angelini Giovanni  
Member: Professor He Jianmin

## **FINANCE AND INVESTMENT COMMITTEE**

Chairman: Mr. Cheung Yat Ming  
Member: Ms. Ho Wai Chu  
Member: Ms. Cheung Chi Shan

## **NOMINATION COMMITTEE**

Chairman: Mr. Jin Wenjie  
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

## 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 securities transactions 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 Appendix 10 of the Listing Rules (the “**Model Code**”), 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 (the “**Management Persons**”).

Specific enquiry has been made to all the Directors and the Management Persons, all of whom have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2019.

## NEW UNITS ISSUED

Reference is made to the announcement dated 24 May 2019 issued by the REIT Manager. During the six months ended 30 June 2019, 4,470,745 new Units were issued to the REIT Manager as payment of 50% of the REIT Manager’s base fee and variable fee for the period from 1 July 2018 to 31 December 2018.

The total number of Units in issue as at 30 June 2019 was 966,935,143 Units.

## PUBLIC FLOAT OF THE UNITS

Based on the information publicly available, as far as the REIT Manager is aware, not less than 25% of the issued and outstanding Units was held in public hands as at 30 June 2019.

# CONNECTED PARTY TRANSACTIONS

Set out below is summary information in respect of connected party transactions for the six months ended 30 June 2019 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 (the "**Waivers**"). The waivers were granted subject to the relevant waiver terms and conditions including, inter alia, the requirements that transactions should be reviewed by the auditor of New Century REIT and the independent non-executive Directors and, where applicable, the transaction amounts should not exceed the specified annual caps (the "**Waiver Conditions**").

With the approval of the Unitholders, 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**"). With the approval of the Unitholders, on 1 June 2016, the SFC granted an extension of the Modified and Extended Waiver, which covers the period from 1 January 2017 to 31 December 2019 (the "**2016 Extended Waiver**"). For further details on the 2016 Extended 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 Unitholders, on 5 June 2019, the SFC further granted an extension and modification of the 2016 Extended Waiver, which shall cover certain connected party transactions between Huge Harvest, its direct and indirect subsidiaries, associates and associated companies, for the period from 1 January 2020 to 31 December 2022 (the "**2019 Extended and Modified Waiver**"). For further details of the 2019 Extended and Modified Waiver, please see the circular of New Century REIT dated 21 May 2019 and the poll results announcement of New Century REIT dated 5 June 2019.

With the approval of the Unitholders, on 17 July 2015, the SFC also 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.

The annual cap under the 2016 Extended Waiver granted by SFC on 1 June 2016 for the year ended 31 December 2019 was RMB18.8 million. New Century REIT had relevant lease transactions within the 2016 Extended Waiver of approximately RMB4.3 million for the six months ended 30 June 2019, therefore New Century REIT is well within and has fully complied with the annual cap. For the six months ended 30 June 2019, New Century REIT has complied with the relevant terms and conditions of the 2016 Extended 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 for the six months ended 30 June 2019:

Name of the Connected Person	Relationship with New Century REIT	Nature of the Connected Party Transaction	Income received/receivable for the six months ended 30 June 2019 (RMB'000)
浙江開元酒店管理股份有限公司及其集團其他成員公司 (Zhejiang New Century Hotel Management Co., Ltd.* and other members of its group)	Associate of significant holder and Director <sup>1</sup>	Leasing transaction	102,043
開封開元名都商務酒店有限公司 (New Century Grand Hotel Kaifeng Business Company Limited*)	Associate of significant holder <sup>2</sup>	Leasing transaction	11,000
開元旅業集團有限公司 (New Century Tourism Group Limited*)	Associate of significant holder and Director <sup>3</sup>	Leasing transaction	999
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	931
杭州開元森泊旅遊投資有限公司 (Hangzhou New Century Senbo Tourism Investment Limited*)	Associate of significant holder and Director <sup>4</sup>	Leasing transaction	180
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>4</sup>	Leasing transaction	66
杭州開元裝飾工程有限公司 (Hangzhou New Century Decorating Limited*)	Associate of significant holder <sup>2</sup>	Leasing transaction	61

# CONNECTED PARTY TRANSACTIONS

## RENTAL DEPOSITS

New Century REIT has refunded the following rental deposits to its connected persons for the six months ended 30 June 2019:

Name of the Connected Person	Relationship with New Century REIT	Nature of the Connected Party Transaction	Rental deposits refunded during the six months ended 30 June 2019 (RMB'000)
浙江開元酒店管理股份有限公司及其集團其他成員公司 (Zhejiang New Century Hotel Management Co., Ltd.* and other members of its Group)	Associate of significant holder and Director <sup>1</sup>	Leasing transaction	3

### Notes:

1. The connected person concerned is an associate of Mr. Chen Miaolin (a significant Unitholder of New Century REIT) and Mr. Jin Wenjie (chairman and a non-executive Director of the REIT Manager).
2. The connected person concerned is an associate of Mr. Chen Miaolin (a significant Unitholder of New Century REIT).
3. The connected person concerned is an associate of Mr. Chen Miaolin (a significant Unitholder of New Century REIT), Mr. Jin Wenjie (chairman and a non-executive Director of the REIT Manager) and Mr. Zhang Guanming (a non-executive Director of the REIT Manager).
4. The connected person concerned is an associate of Mr. Chen Miaolin (a significant Unitholder of New Century REIT) and Mr. Zhang Guanming (a non-executive Director of the REIT Manager).

\* The English name is shown for identification purpose only.

## EXPENSES

Save as disclosed above and in the subsection 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 expenses for the six months ended 30 June 2019.

## RECEIVABLES AND PAYABLES

There are trade and other receivable and payable balances, as well as advances, with connected persons brought forward from prior years and from leasing transactions occurred during the six months ended 30 June 2019, which are set out in notes 26(b) and 26(c), respectively, of the notes to the condensed consolidated interim financial information of this report.

## CONNECTED PARTY TRANSACTIONS

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

Pursuant to note 2 to paragraph 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.

For the six months ended 30 June 2019, 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 RMB539,000 and RMB12,403,000 respectively. Particulars of services provided by the REIT Manager for the six months ended 30 June 2019 are set out in Note 9 of the notes to the condensed consolidated interim financial information. The fees paid/payable to Cushman & Wakefield Limited and its affiliates, the Principal Valuer of New Century REIT, for the six months ended 30 June 2019 were RMB247,000.

### SUMMARY OF MARKET RENTAL PACKAGE OF THE INITIAL HOTEL PROPERTIES IN RESPECT OF THE LEASE YEAR OF 2019

Reference is made to the announcement issued by the REIT Manager on 18 January 2018 and 8 January 2019 (“**Rental Announcements**”) respectively. Unless otherwise defined herein, capitalised terms used in this sub-section shall have the same meanings as those defined in the Rental Announcements.

A summary of the 2019 Market Rental Package Determination, together with a comparison of the corresponding amounts in respect of the Lease Year of 2018 and 2019, is as follows:

Market Rental Package	Market Rental Package for Lease Year of 2018	Market Rental Package for Lease Year of 2019
Aggregate amount payable by Lessee as Base Rent	RMB200 million	RMB200 million
Variable Individual Rent for the Initial Hotel Properties (receivable by the relevant Lessors)	20% of Revenue plus 34% of Gross Operating Profit	20% of Revenue plus 34% of Gross Operating Profit
Amount of security deposit	RMB20 million	RMB20 million
Amount to be covered by irrevocable bank guarantee(s)	RMB200 million	RMB200 million

Apart from the elements of the Market Rental Package for the Lease Year of 2018 and the Lease Year of 2019 as set out above, all other terms of the Hotel Lease and Management Agreements for the Lease Year of 2019, including but not limited to the guarantee provided by New Century Tourism in relation to the obligations of the Lessees under the Hotel Lease and Management Agreements and also New Century Tourism’s undertaking to maintain a minimum net assets of RMB2 billion, remain the same as those during the Lease Year at 2018.

# DISCLOSURE OF INTERESTS

The REIT Code requires connected persons (as defined under paragraph 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.

## UNITHOLDINGS OF SIGNIFICANT UNITHOLDERS

As at 30 June 2019, the interests and long positions in Units of the significant Unitholders (as defined under paragraph 8.1 of the REIT Code (other than the REIT Manager, its Directors or the 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 2019
Standard Chartered Trust (Singapore) Limited <sup>1</sup>	583,250,807	60.32%
SCTS Capital Pte Ltd. <sup>2</sup>	583,250,807	60.32%
Poppytown Group Limited <sup>3</sup>	583,250,807	60.32%
Huge Harvest International Limited <sup>4</sup>	583,250,807	60.32%
Chen Miaolin <sup>5</sup>	583,250,807	60.32%
Wealthy Fountain Holdings Inc. <sup>6</sup>	139,450,000	14.42%
Shanghai Summit Pte. Ltd. <sup>7</sup>	139,450,000	14.42%
Ding An Investments Limited	61,311,839	6.34%
Liu YongJuan <sup>8</sup>	61,311,839	6.34%
Success Conquer Global Limited	49,026,800	5.07%

## 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 Standard Chartered Trust (Singapore) Limited (as trustee of the irrevocable trusts), holds 100% of the interest of Poppytown Group Limited (Note 3), Capitilla Worldwide Limited and Litewait Worldwide Limited, which altogether hold 100% of the interests of Huge Harvest International Limited (Note 4). Hence, Standard Chartered Trust (Singapore) Limited has deemed interest in the Units held by Huge Harvest International Limited.

Standard Chartered Trust (Singapore) Limited is accustomed to act on the investment directions of Mr. Chen Miaolin (Note 5), Mr. Zhang Guanming (non-executive Director of the REIT Manager) and Mr. Chen Canrong (director of Xiaoshan Hotel Company).

As at 30 June 2019, Mr. Chen Miaolin was the settlor and a beneficiary of an irrevocable trust. 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 International Limited. 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 International Limited are connected persons of New Century REIT.

2. SCTS Capital Pte. Ltd., as nominee shareholder for Standard Chartered Trust (Singapore) Limited (as trustee of a irrevocable trust), holds 100% of the interests of Poppytown Group Limited (Note 3). Hence, SCTS Capital Pte. Ltd. has deemed interest in the Units held by Huge Harvest International Limited.
3. Poppytown Group Limited holds 83.90% of the interests of Huge Harvest International Limited (Note 4). Hence, Poppytown Group Limited has deemed interest in the Units held by Huge Harvest International Limited.
4. Huge Harvest International Limited is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT. Of the 583,250,807 Units, Huge Harvest International Limited held 32,999,643 Units via New Century Asset Management Limited, representing 3.41% of the Units issued by New Century REIT, as at 30 June 2019.
5. As at 30 June 2019, Mr. Chen Miaolin was the settlor and a beneficiary of an irrevocable trust. 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 International Limited. Hence, Mr. Chen Miaolin has deemed interest in the Units held by Huge Harvest International Limited.
6. Wealthy Fountain Holdings Inc. is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT. Wealthy Fountain Holdings Inc. is 100% controlled by Shanghai Summit Pte. Ltd. (Note 7).
7. Shanghai Summit Pte. Ltd. holds 100% of the interests of Wealthy Fountain Holdings Inc. (Note 6). Hence, Shanghai Summit Pte. Ltd. has deemed interest in the Units held by Wealthy Fountain Holdings Inc.

Mr. Tong JinQuan (Note 9), a non-executive Director of the REIT Manager, holds 100% of the interests of Shanghai Summit Pte. Ltd. Hence, Mr. Tong JinQuan has deemed interest in the Units held by Wealthy Fountain Holdings Inc.

8. Ms. Liu YongJuan holds 100% of the interests of Ding An Investments Limited. Hence, Ms. Liu YongJuan has deemed interest in the Units held by Ding An Investments Limited.

Save as disclosed above and based on the information available to the REIT Manager, no other significant unitholders had beneficial interests (or were deemed to be interested) in any Units or underlying Units or held any short position in the Units as at 30 June 2019 which were required to be notified to the REIT Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

## DISCLOSURE OF INTERESTS

### UNITHOLDINGS OF THE REIT MANAGER, ITS DIRECTORS OR CHIEF EXECUTIVE

As at 30 June 2019, the interests and long positions 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 2019
Tong JinQuan <sup>9</sup>	139,450,000	14.42%
New Century Asset Management Limited <sup>10</sup>	32,999,643	3.41%
Jin Wenjie <sup>11</sup>	1,679,000	0.17%
Cheung Yat Ming <sup>12</sup>	588,000	0.06%

Notes (continued):

9. Mr. Tong JinQuan, a non-executive Director of the REIT Manager, holds 100% of the interests in Shanghai Summit Pte. Ltd. (Note 7). Shanghai Summit Pte. Ltd. holds 100% of Wealthy Fountain Holdings Inc. Hence, Mr. Tong JinQuan has deemed interest in the Units held by Wealthy Fountain Holdings Inc.
10. New Century Asset Management Limited is the REIT Manager of New Century REIT. As at 30 June 2019, the REIT Manager beneficially held 32,999,643 Units.
11. As at 30 June 2019, Mr. Jin Wenjie was the chairman, non-executive Director and chairman of the Nomination Committee of the REIT Manager.
12. As at 30 June 2019, Mr. Cheung Yat Ming was the chief executive officer, executive Director and a Responsible Officer of the REIT Manager.

Save as disclosed above, none of the REIT Manager, its Directors or chief executive had beneficial interests (or were deemed to be interested) in any Units and underlying Units or held any short position in the Units as at 30 June 2019 which were required to be notified to the REIT Manager and the Stock Exchange pursuant to Divisions 7, 8 and 9 of Part XV of the SFO or to the REIT Manager only pursuant to the dealing policy set out in the Compliance Manual (as the case may be).

### **BUY-BACK, SALE OR REDEMPTION OF UNITS**

During the six months ended 30 June 2019, there was no buy-back, sale or redemption of the Units by the REIT Manager on behalf of New Century REIT or any of the SPVs that are owned and controlled by New Century REIT.

### **EMPLOYEES**

New Century REIT is managed by the REIT Manager and the Trustee. By contracting out such services, New Century REIT, through its subsidiaries, had three employees in its own right as at 30 June 2019 and such costs were reimbursed by the REIT Manager.

### **CLOSURE OF THE REGISTER OF UNITHOLDERS**

The record date for the 2019 interim distribution will be 13 September 2019, Friday (“**Record Date**”). The Register of Unitholders will be closed on 13 September 2019, Friday, during which period no transfer of Units will be effected. The interim distribution is expected to be paid on or about 27 September 2019, Friday, to Unitholders whose names appear on the Register of Unitholders on the Record Date.

In order to qualify for the 2019 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 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on 12 September 2019, Thursday.

### **REVIEW OF INTERIM REPORT**

The Group’s interim report for the six months ended 30 June 2019 has been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager in accordance with their respective terms of reference.

The Group’s condensed consolidated interim financial information for the six months ended 30 June 2019 have not been audited but have been reviewed by PricewaterhouseCoopers, external auditor of New Century REIT, in accordance with the 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



羅兵咸永道

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 24 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 2019 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim consolidated distribution statement, the interim condensed consolidated statement of net assets attributable to unitholders and changes in equity and the interim condensed consolidated statement of cash flows for the six-month period 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” issued by International Accounting Standards Board. 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” issued by International Accounting Standards Board. 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.

---

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong*  
*T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com*



# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

## CONCLUSION

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

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 22 August 2019

# INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Unaudited Six months ended 30 June	
		2019 RMB'000	2018 RMB'000
Revenue	7	127,630	135,638
Operating expenses	8	(25,895)	(27,016)
Other losses – net	10	(8,560)	(1,686)
Change in fair values of investment properties	13	9,323	31,153
<b>Operating profit</b>		<b>102,498</b>	<b>138,089</b>
Finance income	11	2,553	3,238
Finance costs	11	(64,652)	(75,056)
Finance costs – net		(62,099)	(71,818)
<b>Profit before taxation and transactions with unitholders</b>		<b>40,399</b>	<b>66,271</b>
Income tax expense	12	(31,430)	(38,185)
<b>Profit after taxation for the period, before transactions with unitholders</b>		<b>8,969</b>	<b>28,086</b>
– Profit attributable to unitholders		7,794	27,114
– Profit attributable to non-controlling interests		1,175	972
		<b>8,969</b>	<b>28,086</b>

The above interim condensed consolidated income statement should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	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 2018	27,114	(25,107)	2,007	972
Other comprehensive income				
<i>Item that may be reclassified subsequently to interim condensed consolidated income statement:</i>				
Exchange losses on translation of financial statements	(2,007)	–	(2,007)	–
Total comprehensive income for the six months ended 30 June 2018 (Note (ii))	25,107	(25,107)	–	972
Profit for the six months ended 30 June 2019	7,794	(6,152)	1,642	1,175
Other comprehensive income				
<i>Item that may be reclassified subsequently to interim condensed consolidated income statement:</i>				
Exchange losses on translation of financial statements	(1,642)	–	(1,642)	–
Total comprehensive income for the six months ended 30 June 2019 (Note (ii))	6,152	(6,152)	–	1,175

## 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 Real Estate Investment Trust (“New Century REIT”) is required to distribute to unitholders not less than 90% of total distributable income for each financial year. 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 above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
	<i>Notes</i>		
<b>Non-current assets</b>			
Investment properties	13	4,988,190	4,979,073
Goodwill	14	7,987	7,987
Other long-term assets	15	1,593	–
		<b>4,997,770</b>	<b>4,987,060</b>
<b>Current assets</b>			
Trade and other receivables and prepayments	16	4,234	17,703
Amounts due from related parties	26(c)	24,346	22,534
Derivative financial instruments	18	961	14,223
Restricted cash	17	204,243	261,741
Cash and cash equivalents	17	202,460	332,373
		<b>436,244</b>	<b>648,574</b>
<b>Total Assets</b>		<b>5,434,014</b>	<b>5,635,634</b>
<b>Current liabilities</b>			
Trade and other payables	19	40,736	38,057
Amounts due to related parties	26(c)	57,007	58,020
Current income tax liabilities		12,415	29,050
Derivative financial instruments	18	–	8
Deferred income	20	2,944	3,147
Borrowings	21	2,050,213	2,096,048
		<b>2,163,315</b>	<b>2,224,330</b>
<b>Non-current liabilities, other than net assets attributable to unitholders</b>			
Borrowings	21	–	113,787
Deferred income tax liabilities	22	939,773	929,159
		<b>939,773</b>	<b>1,042,946</b>
<b>Total liabilities, other than net assets attributable to unitholders</b>		<b>3,103,088</b>	<b>3,267,276</b>
Net assets attributable to unitholders	23	2,301,096	2,334,110
<b>Total liabilities</b>		<b>5,404,184</b>	<b>5,601,386</b>
<b>Net assets</b>			
– Non-controlling interests		29,830	34,248

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

		Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
	<i>Notes</i>		
<b>Net current liabilities</b>		<b>(1,727,071)</b>	<b>(1,575,756)</b>
<b>Total assets less current liabilities</b>		<b>3,270,699</b>	<b>3,411,304</b>
<b>Units in issue ('000)</b>	<i>23</i>	<b>966,935</b>	<b>962,464</b>
<b>Net assets attributable to unitholders per unit</b>	<i>23</i>	<b>RMB2.3798</b>	<b>RMB2.4251</b>

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

The condensed consolidated interim financial information on page 24 to 58 was approved by the board of directors of New Century Asset Management Limited (the "REIT Manager") on 22 August 2019 and was signed on its behalf.

**Jin Wenjie**  
Chairman

**Cheung Yat Ming**  
Executive Director

# INTERIM CONSOLIDATED DISTRIBUTION STATEMENT

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Profit attributable to unitholders</b>	<b>7,794</b>	<b>27,114</b>
Adjustments for the total distributable income:		
– Fair value change on investment properties attributable to unitholders	<b>(8,887)</b>	(31,017)
– Deferred taxation in respect of investment properties and tax losses attributable to unitholders	<b>9,393</b>	15,949
– Unrealised net foreign exchange losses	<b>531</b>	24,124
– Fair value losses/(gains) on outstanding derivative financial instruments	<b>13,254</b>	(2,050)
– REIT Manager fee payable in units in lieu of cash	<b>6,202</b>	6,449
– Amortisation of transaction costs of the bank borrowings	<b>18,251</b>	11,607
– Accumulated realised fair value losses upon the settlement of derivative financial instruments ( <i>Note 10 (b)</i> )	–	(57,303)
– Accumulated realised foreign exchange losses on the bank borrowings which were repaid during the period	<b>(8,954)</b>	–
<b>Adjusted distributable income/(loss) for the period (i)</b>	<b>37,584</b>	<b>(5,127)</b>
<b>Interim distribution declared and to be paid (ii)</b>	<b>33,826</b>	–
Add: Special distribution declared ( <i>iii</i> )	–	50,000
<b>Total distribution to be paid</b>	<b>33,826</b>	<b>50,000</b>
<b>Distribution per unit (iii)</b>	<b>RMB0.0350</b>	<b>RMB0.0522</b>

*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.

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.

- (ii) The REIT Manager has resolved to distribute 90% of New Century REIT's distributable income for the six months ended 30 June 2019.
- (iii) No special distribution was declared and approved by the board of directors of the REIT Manager for the six months ended 30 June 2019 ("Special Distribution") (2018: Special Distribution of RMB50,000,000 was declared and approved on 23 August 2018). The distribution per unit of RMB0.0350 for the six months ended 30 June 2019 (2018: RMB0.0522) is calculated by dividing total distribution to be paid to unitholders of RMB33,826,000 (2018: RMB50,000,000) for the period by 966,935,143 units in issue as at 30 June 2019 (As at 30 June 2018: 958,500,829 units in issue).

The above interim consolidated distribution statement should be read in conjunction with the accompanying notes.

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

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

		Equity (Unaudited)		
	Notes	Net assets attributable to unitholders (Unaudited) RMB'000	Non-controlling interests RMB'000	
			Total (Unaudited) RMB'000	
<b>As at 1 January 2018</b>		2,404,023	32,817	2,436,840
Profit for the period		27,114	972	28,086
Distributions paid to unitholders	23	(51,269)	–	(51,269)
Exchange losses on translation of financial statements	23	(2,007)	–	(2,007)
<b>As at 30 June 2018</b>		2,377,861	33,789	2,411,650
<b>As at 1 January 2019</b>		2,334,110	34,248	2,368,358
Profit for the period		7,794	1,175	8,969
Issuance of new units	23	6,712	–	6,712
Distributions paid to unitholders	23	(45,878)	–	(45,878)
Dividends declared to non-controlling interests		–	(5,593)	(5,593)
Exchange losses on translation of financial statements	23	(1,642)	–	(1,642)
<b>As at 30 June 2019</b>		2,301,096	29,830	2,330,926

The above interim condensed consolidated statement of net assets attributable to unitholders and changes in equity should be read in conjunction with the accompanying notes.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Unaudited	
		Six months ended 30 June	
		2019	2018
		RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations		109,543	114,322
Interest paid		(40,526)	(33,794)
Income tax paid		(36,307)	(34,712)
<b>Net cash generated from operating activities</b>		<b>32,710</b>	<b>45,816</b>
<b>Cash flows from investing activities</b>			
Additions of investment properties		(1,245)	(568)
<b>Net cash used in investing activities</b>		<b>(1,245)</b>	<b>(568)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	21	139,187	134,691
Repayment of bank borrowings	21	(314,185)	(2,954)
Settlement of capped forward foreign exchange contracts		–	(60,608)
Distributions paid to unitholders	23	(45,878)	(51,269)
Dividends paid to non-controlling interests		(2,941)	(104)
Changes of restricted cash pledged for borrowings		57,498	(92,115)
Net proceeds from issuance of units	23	6,712	–
Payment of other finance costs		(2,609)	–
<b>Net cash used in financing activities</b>		<b>(162,216)</b>	<b>(72,359)</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period	17	332,373	360,826
Exchange gains on cash and cash equivalents		838	1,346
<b>Cash and cash equivalent at end of the period</b>	<b>17</b>	<b>202,460</b>	<b>335,061</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 1 GENERAL INFORMATION

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

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 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 22 August 2019.

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 2019 has been prepared in accordance with International Accounting Standard (“**IAS**”) 34, “Interim financial reporting”. This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), except for the adoption of new and amended standards as disclosed in Note 3.

At 30 June 2019, the Group’s current liabilities exceed its current assets by approximately RMB1,727,071,000 which was mainly due to the current portion of non-current bank borrowings of RMB1,771,094,000 due for payment in July 2019. In July 2019, the above bank borrowings were fully repaid and replaced by loans drawn down in accordance with the new syndicated term loan facilities (Note 21). The directors of REIT Manager consider the Group has adequate resources to meet its liabilities and commitments in operational existence for the foreseeable future. Accordingly, the REIT Manager continues to adopt the going concern basis in preparing this condensed consolidated interim financial information.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2018, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Taxes on income in the condensed consolidated interim financial information are accrued using the tax rate that would be applicable to expected total earnings.

### (i) New and amendments of IFRSs adopted by the Group

The following new and amended accounting standards and interpretations become applicable for annual reporting periods commencing on or after 1 January 2019, and have been adopted by the Group for the first time for this condensed consolidated interim financial information:

IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatments
Amendments to IAS 19	Plan amendment, curtailment or settlement
Amendments to IFRS 9	Prepayment features with negative compensation
Amendments to IAS 28	Long-term interests in associates and joint ventures
Annual improvements IFRS 2015-2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23

The Group had adopted the IFRS 16 – “Leases” and after the assessment on the impact of the adoption, the Group did not need to make any adjustments to the accounting for assets held as lessor. The other amendments and interpretations did not have any significant financial impact on the Group’s condensed consolidated interim financial information.

### (ii) New standards and amendments of IFRSs issued but are not yet effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2021 (likely to be extended to 1 January 2022)
Amendments to IAS 1 and IAS 8	Definition of Material	1 January 2020
Amendments to IFRS 3	Definition of Business	1 January 2020
Revised conceptual framework	Revised conceptual framework for financial reporting	1 January 2020
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 has assessed the impact of adopting these new standards, amendments and interpretations. According to the preliminary assessment, these standards, amendments and interpretations are not expected to have a material impact on the Group’s operating results and financial position.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 4 ESTIMATES

The preparation of this 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 2018, with the exception of changes in estimates that are required in determining the provision for income taxes.

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the REIT Manager, who manages and monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

This condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements, they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

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

### 5.2 Fair value estimation

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

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1;
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data 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; and
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.2 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 30 June 2019 and 31 December 2018.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2019 (unaudited)</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss ("FVPL")</b>				
Derivative financial instruments	–	961	–	961
<b>Liabilities</b>				
<b>Financial liabilities at FVPL</b>				
Derivative financial instruments	–	–	–	–
<b>As at 31 December 2018 (audited)</b>				
<b>Assets</b>				
<b>Financial assets at FVPL</b>				
Derivative financial instruments	–	14,223	–	14,223
<b>Liabilities</b>				
<b>Financial liabilities at FVPL</b>				
Derivative financial instruments	–	8	–	8

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

There were no changes in valuation techniques during the period.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 5.3 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 values of interest rate swaps and interest rate cap are calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

## 6 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-maker, which has been identified as the senior executive management, in order to allocate resources to segments and to assess their performance.

The sole principal activity of the Group is the leasing of hotel properties. Geographically, the hotel properties are mainly located in China and the Netherlands. As the subsidiary in the Netherlands do not meet the quantitative thresholds required by IFRS 8 for reportable segment, the senior executive management concludes that the Group has a single reportable segment and no further analysis for segment information is presented.

## 7 REVENUE

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Revenue recognised on over time basis:		
Rental income from Initial Hotel Properties (a)	96,163	103,856
Rental income from Kaifeng Hotel (a)	10,578	10,578
Rental income from Netherlands Hotel (a)	7,951	7,697
Other rental income (b)	12,938	13,507
	<b>127,630</b>	<b>135,638</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 7 REVENUE (CONTINUED)

- (a) For the six months ended 30 June 2019, the Group recognised 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**”), New Century Grand Hotel Kaifeng (開封開元名都大酒店, the “**Kaifeng Hotel**”) and Holiday Inn Eindhoven Hotel (the “**Netherlands Hotel**”) in a sum of RMB118,951,000 (before value-added taxes of RMB4,259,000) (2018: The rental income of RMB122,131,000 was derived from the minimum pro-rated base rent of RMB126,697,000 less value-added taxes of RMB4,566,000).
- (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, of which comprised the rental income from Zhejiang New Century Hotel Management Co., Ltd. and other members of its group (the “**Hotel Group**”) of RMB2,043,000 (2018: RMB2,010,000) (before value-added taxes of RMB97,000 (2018: RMB96,000)).

## 8 OPERATING EXPENSES

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
REIT Manager fee (Notes 9, 26(b))	12,403	12,897
Urban real estate and land use tax	8,632	9,305
Legal and other professional fees	1,304	1,238
Business and other taxes, surcharges and stamp duty	1,174	1,203
Auditor's remuneration	938	942
Trustee fee (Note 26(b))	539	552
Valuation fees (Note 26(b))	247	307
Miscellaneous	658	572
<b>Total operating expenses</b>	<b>25,895</b>	<b>27,016</b>

## 9 REIT MANAGER FEE

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Base Fee	8,084	8,279
Variable Fee	4,319	4,618
	<b>12,403</b>	<b>12,897</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 9 REIT MANAGER FEE (CONTINUED)

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 authorised investments, for the time being and from time to time held or deemed to be held (including but not limited to through special purpose vehicles) upon the trusts of the Trust Deed and any interest arising on subscription monies from the issuance of units.
- a variable fee (the “**Variable Fee**”) of 4% per annum of net property income as defined in the Trust Deed.

The Base Fee and Variable Fee for the six months ended 30 June 2019 will be paid to the REIT Manager with 50% in the form of cash and 50% in the form of units which is calculated based on the prevailing market price at the time of the issuance of such units (2018: same as 2019).

## 10 OTHER LOSSES – NET

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Government grants (a)	203	203
Net realised foreign exchange losses	–	(442)
Net unrealised foreign exchange gains	4,816	–
Fair value (losses)/gains on derivative financial instruments (Note 18)	(13,254)	2,050
Fair value losses on settlement of capped forward foreign exchange contracts (b)	–	(3,305)
Others	(325)	(192)
	<b>(8,560)</b>	<b>(1,686)</b>

### (a) Government grants

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

### (b) Fair value losses on settlement of capped forward foreign exchange contracts

In January 2018, the outstanding capped forward foreign exchange contracts with the notional principal amount of USD120,000,000 were fully settled with the payment of USD9,332,928 (equivalent to RMB60,608,000). Whereby the fair value losses arising from these foreign exchange contracts before settlement of RMB3,305,000 were recognised in profit or loss for the six months ended 30 June 2018 while the accumulated fair value losses of RMB57,303,000 adjusted previously in the interim consolidated distribution statement were realised and added back in the interim consolidated distribution statement for the six months ended 30 June 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 11 FINANCE COSTS – NET

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Finance income		
– Interest income derived from bank deposits	2,553	3,238
	<b>2,553</b>	3,238
Finance costs		
– Interest expense on bank borrowings	(37,973)	(38,350)
– Unrealised net foreign exchange losses on financing activities	(5,347)	(24,124)
– Realised net foreign exchange losses on financing activities	(1,651)	(67)
– Amortisation of transaction costs of the bank borrowings	(18,251)	(11,607)
– Other financing costs	(1,430)	(908)
	<b>(64,652)</b>	(75,056)
Finance costs – net	<b>(62,099)</b>	(71,818)

## 12 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
Current income tax		
– China corporate income tax	20,736	19,610
Deferred income tax		
– Corporate income tax (Note 22)	10,694	18,575
Tax charged	<b>31,430</b>	38,185

### (a) Hong Kong profits tax

Enterprises incorporated in Hong Kong are subject to profits tax rates of 16.5% (2018: 16.5%). 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 2019 and 2018.

### (b) Netherlands corporate income tax

Enterprises incorporated in the Netherlands are subject to income tax rate of 19% (2018: 20%) for the first Euro (“EUR”) 200,000 taxable income and 25% (2018: 25%) for the taxable income exceeds EUR200,000. No Netherlands corporate income tax has been provided for as the subsidiary incorporated in the Netherlands has no taxable income for the six months ended 30 June 2019 and 2018.



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 12 INCOME TAX EXPENSE (CONTINUED)

### (c) Luxembourg corporate income tax

Enterprises incorporated in Luxembourg are subject to income tax rate of 15% for the first EUR175,000 taxable income, EUR26,250 plus 31% of the taxable income from EUR175,000 to EUR200,000 and 17% for the taxable income exceeds EUR200,001 (2018: 15% for the first EUR25,000 taxable income, EUR3,750 plus 33% of the taxable income from EUR25,000 to EUR30,000 and 18% for the taxable income exceeds EUR30,000). Including solidarity surtax at 7% (2018: 7%) on corporate income tax and municipal business tax of 6.75% (2018: 6.75%), the total tax rate for Luxembourg for the six months ended 30 June 2019 is 22.80% or 24.94% (2018: 22.80% or 26.01%). No Luxembourg corporate income tax has been provided for as the subsidiary incorporated in Luxembourg has no taxable income for the six months ended 30 June 2019 and 2018.

### (d) China corporate income tax

Enterprises incorporated in China are subject to income tax rates of 25% (2018: 25%).

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

### (e) China withholding income tax

Pursuant to China Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in China in respect of their earnings generated from 1 January 2008.

Pursuant to "Arrangement between the mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income", a lower 5% withholding tax rate will be applied to a qualifying company, if it can be considered as a beneficial owner of the dividend and that it holds directly at least 25% of the capital of the mainland enterprise. Given the above, in October 2017, Spearhead Investments Limited and Sky Town Investments Limited had successfully obtained certificate of the resident status of the Hong Kong Special Administrative Region with the effective period of three years. Whereby the local tax authority of China had granted a 5% tax adjustment payment on the withholding tax relating to the dividends declared 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") for the six months ended 31 December 2016 and applied a lower 5% withholding tax rate thereafter. In February 2018, Full Wise Industrial Limited had successfully obtained certificate of the resident status of the Hong Kong Special Administrative Region with the effective period of three years. Whereby the local tax authority of China had granted a 5% tax adjustment payment for its 2017 withholding tax during the six months ended 30 June 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 13 INVESTMENT PROPERTIES

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Investment properties	4,988,190	4,979,073

The investment properties of the Group are located in China and the Netherlands. The investment properties located in China are held on land use rights of 35 to 40 years and the investment property located in the Netherlands is with freehold interest.

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>At fair value</b>		
<b>Opening balance</b>	4,979,073	4,890,598
Additions	755	1,003
Fair value gains (a)	9,323	31,153
Exchange differences recognised in other comprehensive income	(961)	(4,090)
<b>Closing balance</b>	4,988,190	4,918,664

- (a) The independent valuations of the Group's investment properties in China and the Netherlands were performed by the valuers, Cushman & Wakefield Limited and Cushman & Wakefield v.o.f. (together, "Cushman & Wakefield") respectively (As at 31 December 2018: Savills Valuation and Professional Services Limited and Savills Consultancy B.V. (together, "Savills")), to determine the fair value of the investment properties as at 30 June 2019.

As at 30 June 2019, the investment properties of the Initial Hotel Properties and the Kaifeng Hotel were pledged as collateral for the Group's bank borrowings (As at 31 December 2018: all the investment properties 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 2019

*(All amounts in Renminbi thousands unless otherwise stated)*

## 13 INVESTMENT PROPERTIES (CONTINUED)

The fair value measurement information for these investment properties in accordance with IFRS 13 are given below:

Description	Fair value measurement as at 30 June 2019 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
	Recurring fair value measurement Investment properties:		
– Initial Hotel Properties	–	–	4,310,000
– Kaifeng Hotel	–	–	430,000
– Netherlands Hotel	–	–	248,190
	–	–	4,988,190

Description	Fair value measurement as at 31 December 2018 using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
	Recurring fair value measurement Investment properties:		
– Initial Hotel Properties	–	–	4,300,000
– Kaifeng Hotel	–	–	430,000
– Netherlands Hotel	–	–	249,073
	–	–	4,979,073

There were no transfers between Levels 1, 2 and 3 during the periods.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 13 INVESTMENT PROPERTIES (CONTINUED)

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

	Unaudited		
	Six months ended 30 June 2019		
	China RMB'000	Netherlands RMB'000	Total RMB'000
<b>As at 1 January 2019</b>	<b>4,730,000</b>	<b>249,073</b>	<b>4,979,073</b>
Additions	755	–	755
Fair value gains	9,245	78	9,323
Exchange differences recognised in other comprehensive income	–	(961)	(961)
<b>As at 30 June 2019</b>	<b>4,740,000</b>	<b>248,190</b>	<b>4,988,190</b>

	Unaudited		
	Six months ended 30 June 2018		
	China RMB'000	Netherlands RMB'000	Total RMB'000
<b>As at 1 January 2018</b>	<b>4,679,000</b>	<b>211,598</b>	<b>4,890,598</b>
Additions	1,003	–	1,003
Fair value gains	16,997	14,156	31,153
Exchange differences recognised in other comprehensive income	–	(4,090)	(4,090)
<b>As at 30 June 2018</b>	<b>4,697,000</b>	<b>221,664</b>	<b>4,918,664</b>

### Valuation techniques

- (a) For the Initial Hotel Properties and the Kaifeng Hotel, the valuation was determined using discounted cash flow approach based on significant unobservable inputs. These inputs 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 growth rate	Taking into account assumptions regarding vacancy rates and market rents.

There were no changes to the valuation techniques for the Initial Hotel Properties and the Kaifeng Hotel during the periods.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019  
(All amounts in Renminbi thousands unless otherwise stated)

## 13 INVESTMENT PROPERTIES (CONTINUED)

### Valuation techniques (Continued)

- (b) For the Netherlands Hotel, the valuation was determined using income capitalisation approach (Core & Top Slice Method) based on significant unobservable inputs. These inputs include:

Capitalisation rate	Reflecting the nature, location and tenancy profile of the properties together with the current market investment criteria;
Rental income	Based on analysis of recent lettings and achievable rentals of the hotel properties and other benchmark performance derived from comparable hotel properties in the locality.

There were no changes to the valuation techniques for the Netherlands Hotel during the periods.

## 14 GOODWILL

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cost	7,987	7,987
Accumulated impairment	-	-
Net book amount	7,987	7,987

## 15 OTHER LONG-TERM ASSETS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Fee paid for undrawn bank facilities	1,593	-

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 16 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade receivables (a)	2,161	1,955
Interest receivable	941	7,942
Other receivables	652	674
Prepayments	480	7,132
<b>Trade and other receivables and prepayments</b>	<b>4,234</b>	<b>17,703</b>

As at 30 June 2019 and 31 December 2018, 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 2019 and 31 December 2018, the trade receivables represented the rental income receivables from the lessees. The aging analysis of trade receivables as at 30 June 2019 and 31 December 2018 was as follows:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade receivables, gross		
– Within 30 days	2,161	1,955

As at 30 June 2019 and 31 December 2018, all the trade receivables were pledged as collateral for the Group's bank borrowings (Note 21).

## 17 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cash at bank and on hand (a)	406,703	594,114
Less: Restricted cash (b)	(204,243)	(261,741)
<b>Cash and cash equivalents</b>	<b>202,460</b>	<b>332,373</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 17 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH (CONTINUED)

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Cash at bank and in hand:		
– RMB	281,313	462,257
– United States dollars (“USD”)	114,952	109,518
– Hong Kong dollars (“HKD”)	2,414	162
– EUR	8,024	22,177
	<b>406,703</b>	<b>594,114</b>

- (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 and bank deposits pledged to the banks as security deposits under loan facilities (Note 21).

## 18 DERIVATIVE FINANCIAL INSTRUMENTS

	Unaudited 30 June 2019		Audited 31 December 2018	
	Assets RMB'000	Liabilities RMB'000	Assets RMB'000	Liabilities RMB'000
Interest rate swaps (a)	961	–	14,223	–
Interest rate cap (b)	–	–	–	8
	<b>961</b>	<b>–</b>	<b>14,223</b>	<b>8</b>

The Group has entered into various derivative financial instruments including interest rate swaps and interest rate cap with commercial banks. Nevertheless, they were not accounted for as hedging instruments as the conditions for hedge accounting were not met for the six months ended 30 June 2019 and the year ended 31 December 2018. Gains and losses arising from the fair value change of these derivative financial instruments were recognised in the interim condensed consolidated income statement in “Other losses – net” (Note 10).

- (a) The interest rate swaps have the economic effect of converting interest rate of borrowings from floating rates to fixed rates. As at 30 June 2019, the notional principal amounts of the outstanding interest rate swaps was USD230,000,000 (As at 31 December 2018: USD230,000,000) and the fixed interest rate was 3.11% per annum (As at 31 December 2018: 3.11% per annum).
- (b) The interest rate cap has the economic effect of keeping floating interest rate of borrowings within the cap rate. In May 2019, the interest rate cap was unwinded upon the early repayment of bank borrowings. As at 31 December 2018, the notional principal amount of the outstanding interest rate cap was EUR13,117,500 and the interest rate was capped at 4.4% per annum.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 19 TRADE AND OTHER PAYABLES

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade payables (a)	1,014	1,493
Other payables	7,254	6,113
Advances from customers	3,556	3,046
Interest payables	20,142	21,044
Accrued taxes other than income tax	5,291	5,534
Dividends payable	3,479	827
	<b>40,736</b>	<b>38,057</b>

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

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Trade payables		
– Within 90 days	20	10
– Over 90 days and within 360 days	176	806
– Over 360 days and within 720 days	231	35
– Over 720 days	587	642
	<b>1,014</b>	<b>1,493</b>

As at 30 June 2019 and 31 December 2018, all trade and other payables of the Group were non-interest bearing. Their fair values approximate their carrying amounts due to their short maturities.

## 20 DEFERRED INCOME

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Government grants relating to assets	2,944	3,147



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 20 DEFERRED INCOME (CONTINUED)

Deferred income represents government grants relating to certain assets, which is deferred and recognised in the interim condensed consolidated income statement on a straight-line basis over the expected useful lives of the related assets. The movements of deferred income are as below:

	Unaudited Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
<b>Opening balance</b>	<b>3,147</b>	3,553
Credited to the interim condensed consolidated income statement (Note 10)	(203)	(203)
<b>Closing balance</b>	<b>2,944</b>	3,350

## 21 BORROWINGS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
	<b>Non-current</b>	
Principle of bank borrowings – secured (a)	1,771,811	1,886,494
Less: Transaction costs	(717)	(12,956)
Current portion of non-current borrowings	(1,771,094)	(1,759,751)
	–	113,787
<b>Current</b>		
Bank borrowings – secured (a)	279,119	336,297
Current portion of non-current borrowings	1,771,094	1,759,751
	<b>2,050,213</b>	2,096,048

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 21 BORROWINGS (CONTINUED)

Movements in borrowings are analysed as follows:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Opening balance</b>	<b>2,209,835</b>	1,964,671
Additions of bank borrowings	<b>139,187</b>	134,691
Repayments of bank borrowings	<b>(314,185)</b>	(2,954)
Amortisation using the effective interest method	<b>12,095</b>	10,556
Exchange translation reserve	<b>-</b>	(2,184)
Exchange losses	<b>3,281</b>	25,470
<b>Closing balance</b>	<b>2,050,213</b>	2,130,250

The maturity of borrowings is as follows:

	Unaudited	Audited
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
On demand or within 1 year	<b>2,050,213</b>	2,096,048
Between 1 and 2 years	<b>-</b>	-
Between 2 and 3 years	<b>-</b>	113,787
	<b>2,050,213</b>	2,209,835

### (a) Bank borrowings – secured

As at 30 June 2019, the bank borrowings of RMB141,625,000 (As at 31 December 2018: RMB199,033,000) were secured by bank deposits of RMB155,000,000 (As at 31 December 2018: RMB203,010,000) (Note 17).

As at 30 June 2019, the remaining bank borrowings were secured and guaranteed by the following:

- Secured by investment properties (Note 13), the remaining guaranteed deposits (Note 17) and trade receivables (Notes 16 and 26(c)) (As at 31 December 2018: same as at 30 June 2019);
- Secured by 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), 開封開元名都大酒店有限公司 (Kaifeng New Century Grand Hotel Limited), Spearhead Global Limited, Spearhead Investments Limited and Sky Town Investments Limited, subsidiaries of the Group (As at 31 December 2018: same as at 30 June 2019 plus the equity interest of New Century Netherlands I B.V.);
- Guaranteed by Zhejiang New Century Hotel, Spearhead Investments Limited and Sky Town Investments Limited, subsidiaries of the Group (As at 31 December 2018: same as at 30 June 2019 plus by New Century Europe I. S.à.r.l).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 21 BORROWINGS (CONTINUED)

### (a) Bank borrowings – secured (Continued)

The Group had the following undrawn bank facilities as at end of reporting period:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
USD facilities		
– Expiring beyond 1 year	–	487,287
HKD/USD facilities		
– Expiring beyond 1 year	2,225,540	–
RMB facilities		
– Expiring beyond 1 year	200,000	–
	<b>2,425,540</b>	<b>487,287</b>

In April 2019, the Group entered into a new HKD/USD revolving loan facility with a bank, pursuant to which the Group obtained an offshore revolving loan facility of HKD780,000,000 or its equivalent in USD (equivalent to RMB686,135,000) with a period of 3 years (“**New Revolving Loan Facility**”) to replace the original USD revolving loan facility. In May 2019, HKD161,000,000 (equivalent to RMB139,187,000) of this New Revolving Loan Facility had been drawn down.

In June 2019, the Group entered into new syndicated term loan facilities, pursuant to which the Group obtained an offshore loan facility of HKD1,911,000,000 (equivalent to RMB1,681,030,000) and an onshore loan facility of RMB200,000,000 with a period of 3 years. These facilities were drawn down in July 2019 to fully repay the current portion of non-current bank borrowings of RMB1,771,094,000 which fell due in the same month.

## 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:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Deferred income tax liabilities:		
– to be recovered after more than 12 months	937,916	928,915
– to be recovered within 12 months	1,857	244
	<b>939,773</b>	<b>929,159</b>

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

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

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

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
<b>Opening balance</b>	<b>929,159</b>	899,059
Charged to the interim condensed consolidated income statement (Note 12)	<b>10,694</b>	18,575
Payment	–	(5,625)
Charged to other comprehensive income – exchange reserve	<b>(80)</b>	(241)
<b>Closing balance</b>	<b>939,773</b>	911,768

Movements in deferred income tax assets and liabilities during the six months ended 30 June 2019 and 2018, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax assets	Tax losses RMB'000	Deferred Income RMB'000	Derivative financial instruments RMB'000	Total RMB'000
<b>Six months ended 30 June 2018</b>				
<b>As at 1 January 2018</b>	1,131	888	28	2,047
Charged to the interim condensed consolidated income statement	(664)	(51)	(19)	(734)
Charged to other comprehensive income – exchange reserve	(9)	–	–	(9)
<b>As at 30 June 2018</b>	458	837	9	1,304
<b>Six months ended 30 June 2019</b>				
<b>As at 1 January 2019</b>	751	786	2	1,539
Charged to the interim condensed consolidated income statement	(173)	(51)	(2)	(226)
Charged to other comprehensive income – exchange reserve	(2)	–	–	(2)
<b>As at 30 June 2019</b>	576	735	–	1,311

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

*(All amounts in Renminbi thousands unless otherwise stated)*

## 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	Withholding tax in respect of unremitted earnings of subsidiaries RMB'000	Others RMB'000	Total RMB'000
<b>Six months ended 30 June 2018</b>					
<b>As at 1 January 2018</b>	893,619	776	5,625	1,086	901,106
Charged/(credited) to the interim condensed consolidated income statement	15,334	(293)	2,822	(22)	17,841
Payment	-	-	(5,625)	-	(5,625)
Credited to other comprehensive income – exchange reserve	(247)	(3)	-	-	(250)
<b>As at 30 June 2018</b>	908,706	480	2,822	1,064	913,072
<b>Six months ended 30 June 2019</b>					
<b>As at 1 January 2019</b>	929,756	331	-	611	930,698
Charged/(credited) to the interim condensed consolidated income statement	9,344	(320)	1,458	(14)	10,468
Credited to other comprehensive income – exchange reserve	(82)	-	-	-	(82)
<b>As at 30 June 2019</b>	939,018	11	1,458	597	941,084

## 23 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Net assets attributable to unitholders	2,301,096	2,334,110

As at 30 June 2019, the net assets attributable to unitholders per unit of RMB2.3798 is calculated by dividing the net assets attributable to unitholders of RMB2,301,096,000 by the number of unit in issue of 966,935,143 (As at 31 December 2018: the net assets attributable to unitholders per unit of RMB2.4251 is calculated by dividing the net assets attributable to unitholders of RMB2,334,110,000 by the number of unit in issue of 962,464,398).

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 23 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS (CONTINUED)

The movements on the net assets attributable to unitholders are as follows:

	Unaudited Six months ended 30 June 2018	
	Number of units	Net assets attributable to unitholders RMB'000
<b>Opening balance</b>	958,500,829	2,404,023
Profit for the period	–	27,114
Distribution paid to unitholders during the period (a)	–	(51,269)
Exchange losses on translation of financial statements	–	(2,007)
<b>Closing balance</b>	958,500,829	2,377,861

	Unaudited Six months ended 30 June 2019	
	Number of units	Net assets attributable to unitholders RMB'000
<b>Opening balance</b>	962,464,398	2,334,110
Profit for the period	–	7,794
Issuance of new units (b)	4,470,745	6,712
Distribution paid to unitholders during the period (a)	–	(45,878)
Exchange losses on translation of financial statements	–	(1,642)
<b>Closing balance</b>	966,935,143	2,301,096

(a) The distribution with amount of RMB45,878,000 paid during the six months ended 30 June 2019 represents the final distribution for the period from 1 July 2018 to 31 December 2018, which was paid to the unitholders on 24 May 2019 (The distribution with amount of RMB51,269,000 represents the final distribution for the period from 1 July 2017 to 31 December 2017, which was paid to the unitholders on 25 May 2018).

(b) New Century REIT issued 4,470,745 units during the six months ended 30 June 2019:

On 24 May 2019, 4,470,745 units were issued to the REIT Manager at an issue price of HKD1.7088 per unit (equivalent to RMB6,712,000) as payment of 50% of the REIT Manager fee for the six months ended 31 December 2018.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

*(All amounts in Renminbi thousands unless otherwise stated)*

## 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	
	2019	2018
Profit after income tax before transactions with unitholders attributable to unitholders <i>(RMB'000)</i>	7,794	27,114
Weighted average number of units in issue <i>('000)</i>	963,403	958,501
Basic earnings per unit <i>(RMB)</i>	0.0081	0.0283

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.

## 25 COMMITMENTS

### Capital commitments

	Unaudited	Audited
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
In respect of investment properties, contracted but not provided for	1,046	185

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

## 26 CONNECTED PARTY TRANSACTIONS AND SIGNIFICANT RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed 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 summarises the names of the connected/related parties and nature of their relationship with the Group as at 30 June 2019.

Connected/related party	Relationship with the Group
Chen Miaolin	Significant holder of New Century REIT
Jin Wenjie	Chairman and non-executive director of REIT Manager ("Director")
Zhang Guanming	Director
New Century Tourism Group Limited	Associated corporation of significant holder of New Century REIT and Director
Hangzhou New Century Real Estate Group Limited	Associated corporation of significant holder of New Century REIT and Director
Hangzhou New Century Zhijiang Cleaning Chain Limited	Associated corporation of significant holder of New Century REIT and Director
Hangzhou New Century Decorating Limited	Associated corporation of significant holder of New Century REIT
Hangzhou New Century Senbo Toursim Investment Limited	Associated corporation of significant holder of New Century REIT and Director
The Hotel Group	Associated corporation of significant holder of New Century REIT and Director
New Century Grand Hotel Kaifeng Business Company Limited	Associated corporation of significant holder of New Century REIT
The REIT Manager	The manager of New Century REIT
The Trustee	The trustee of New Century REIT
Cushman & Wakefield	The new principal valuer of New Century REIT
Savills	The old principal valuer of New Century REIT



# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

*(All amounts in Renminbi thousands unless otherwise stated)*

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

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

Rental income received/receivable from:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
The Hotel Group (i)	102,043	110,010
New Century Grand Hotel Kaifeng Business Company Limited	11,000	11,000
New Century Tourism Group Limited	999	999
Hangzhou New Century Real Estate Group Limited	931	931
Hangzhou New Century Senbo Tourism Investment Limited	180	180
Hangzhou New Century Zhijiang Cleaning Chain Limited	66	66
Hangzhou New Century Decorating Limited	61	61
	<b>115,280</b>	<b>123,247</b>

- (i) The net rental income from the Hotel Group for the six months ended 30 June 2019 amounted to RMB98,109,000 (2018: RMB105,770,000) which was calculated by gross rental income of RMB102,043,000 (2018: RMB110,010,000) netting of value-added taxes of RMB3,934,000 (2018: RMB4,240,000).

Rental deposit (refund to)/received from:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
The Hotel Group	(3)	109

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

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

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

Other connected party transactions:

	Unaudited	
	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
REIT Manager fee paid/payable to the REIT Manager	12,403	12,897
Trustee fee paid/payable to the Trustee	539	552
Valuation fee paid/payable to Cushman & Wakefield	247	–
Valuation fee paid/payable to Savills	–	307
	<b>13,189</b>	<b>13,756</b>

### (c) Balances with connected/related parties

Trade receivables due from:

	Unaudited	Audited
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
The Hotel Group (i)	21,376	21,148
New Century Grand Hotel Kaifeng Business Company Limited	2,935	1,351
	<b>24,311</b>	<b>22,499</b>

(i) As at 30 June 2019 and 31 December 2018, all the trade receivables due from related parties were pledged as collateral for the Group's bank borrowings (Note 21).

Other receivables due from:

	Unaudited	Audited
	30 June	31 December
	2019	2018
	RMB'000	RMB'000
The REIT Manager	35	35

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

*(All amounts in Renminbi thousands unless otherwise stated)*

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

### (c) Balances with connected/related parties (Continued)

#### Other payables due to:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
New Century Grand Hotel Kaifeng Business Company Limited	22,000	22,000
The Hotel Group	21,025	21,028
The REIT Manager	12,403	13,424
New Century Tourism Group Limited	466	466
Hangzhou New Century Real Estate Group Limited	434	434
Hangzhou New Century Senbo Tourism Investment Limited	67	67
Hangzhou New Century Zhijiang Cleaning Chain Limited	34	34
Hangzhou New Century Decorating Limited	31	31
Sub-total of other payables due to related parties	56,460	57,484
The Trustee (ii)	559	582
Cushman & Wakefield (ii)	293	-
Savills (ii)	-	340
	57,312	58,406

(ii) Other payables due to the Trustee, Savills and Cushman & Wakefield are recorded in "Trade and other payables" of the interim condensed consolidated balance sheet.

#### Advances from customers:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
The Hotel Group	174	163
New Century Tourism Group Limited	167	167
Hangzhou New Century Real Estate Group Limited	155	155
Hangzhou New Century Senbo Tourism Investment Limited	30	30
Hangzhou New Century Zhijiang Cleaning Chain Limited	11	11
Hangzhou New Century Decorating Limited	10	10
	547	536

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2019

(All amounts in Renminbi thousands unless otherwise stated)

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

### (d) Key management compensation

There was no key management compensation for the six months ended 30 June 2019 and 2018.

### (e) Director's emoluments

No directors' emoluments were paid or payable by the Group for the six months ended 30 June 2019 and 2018.

## 27 FUTURE MINIMUM RENTAL RECEIVABLES

As at 30 June 2019 and 31 December 2018, the Group has future minimum rental receivables under non-cancellable leases as follow:

	Unaudited 30 June 2019 RMB'000	Audited 31 December 2018 RMB'000
Within one year	262,714	256,313
Between one year and five years	732,914	818,610
Over five years	247,558	244,172
	<b>1,243,186</b>	<b>1,319,095</b>

# PERFORMANCE TABLE

As at 30 June 2019

	(Unaudited)				
	2019	2018	As at 30 June 2017	2016	2015
Net assets attributable to Unitholders (RMB'000)	<b>2,301,096</b>	2,377,861	2,359,088	2,320,058	2,508,161
Net assets attributable to Unitholders per Unit (RMB)	<b>2.3798</b>	2.4808	2.4612	2.4545	2.6790
(Equivalent to HKD) (Note a)	<b>2.7054</b>	2.9425	2.8358	2.8718	3.3972
The highest premium of the traded price to net assets attributable to Unitholders per Unit (Note b)	<b>N/A</b>	N/A	N/A	4.46%	N/A
The highest discount of the traded price to net assets attributable to Unitholders per Unit (Note b)	<b>40.86%</b>	27.61%	24.54%	24.09%	11.69%
Distribution yield per Unit (including Special Distribution (if any)) (Note c)	<b>2.29%</b>	2.74%	4.00%	4.05%	3.52%
Number of Units in issue at the end of the reporting period (Units)	<b>966,935,143</b>	958,500,829	958,500,829	945,215,252	936,217,873
Gearing ratio (Note d)	<b>38%</b>	39%	41%	40%	33%
Gross liabilities as a percentage of gross assets (Note e)	<b>57%</b>	57%	59%	58%	51%

## Notes:

- Unless indicated otherwise, Hong Kong dollar amounts are based on an exchange rate at the end of each reporting period. The exchange rate as at 30 June 2019 was HKD1=RMB0.87966.
- The highest premium is calculated based on the Unit's highest traded price of HKD1.95 on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the six months ended 30 June 2019. The highest discount is calculated based on the Unit's lowest traded price of HKD1.60 on the Stock Exchange during the six months ended 30 June 2019.

As the highest traded price during the six months ended 30 June 2019 is lower than the net assets attributable to Unitholders per Unit as at 30 June 2019, no highest premium ratio was presented.

- Distribution yield per Unit for the six months ended 30 June 2019 is calculated based on total distribution per Unit of RMB0.0350 (equivalent to HKD0.0390 at an exchange rate of HKD1=RMB0.8973) over the Unit's closing price of HKD1.70 on 28 June 2019.
- Gearing ratio is calculated based on the total gross borrowings, comprising the bank borrowings excluding transaction costs and loan from a related party (if any), over total assets as at the end of each reporting period.
- It is calculated based on total liabilities, excluding transaction costs on borrowings and net assets attributable to Unitholders, over total assets at the end of each 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

JIN Wenjie  
*(Chairman and Non-executive Director)*  
CHEUNG Yat Ming  
*(Chief Executive Officer and Executive Director)*  
ZHANG Guanming  
*(Non-executive Director)*  
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  
CHEUNG Chi Shan

## APPROVED PERSON OF THE REIT MANAGER

CHEUNG Yat Ming

## COMPANY SECRETARY OF THE REIT MANAGER

CHAN Chun Tung

## TRUSTEE

DB Trustees (Hong Kong) Limited

## AUDITORS

PricewaterhouseCoopers

## PRINCIPAL VALUER

Cushman & Wakefield Limited

## LEGAL ADVISOR

Dechert

## UNIT REGISTRAR

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## PROPERTY MANAGER

Zhejiang New Century Hotel Management Co., Ltd.

## STOCK CODE

1275

## WEBSITE

[www.ncreit.com](http://www.ncreit.com)

# DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

ADR	average daily rate, which means room revenue divided by rooms in use.
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.
Director(s)	the director(s) of the REIT Manager.
Full Wise HK	Full Wise Industrial Limited (惠富實業有限公司), a company incorporated in Hong Kong on 20 September 2012 and a wholly-owned subsidiary of New Century REIT.
Gross Floor Area or GFA	means, in respect of a property, the gross floor area of that property being the area contained within the external walls of the building measured at each floor level (including any floor below the level of the ground), together with the area of each balcony in the building, which shall be calculated from the overall dimensions of the balcony (including the thickness of the sides thereof), and the thickness of external walls of the building excluding any floor space that is constructed or intended to be used solely for parking motor vehicles, loading or unloading of motor vehicles, or for refuse storage chambers, material recovery chambers, refuse chutes, refuse hopper rooms and other types of facilities provided to facilitate the separation of refuse, or for access facilities for telecommunications and broadcasting services, or occupied solely by machinery or equipment for any lift, air-conditioning or heating system or any similar service.
Hotel Lease and Management Agreements	with respect to the Initial Hotel Properties, the master hotel lease and management agreement dated 14 June 2013 entered into between Zhejiang New Century Hotel and New Century Hotel Management and the separate hotel lease and management agreements entered into between the Lessors and the Lessees in respect of the leasing of Initial Hotel Properties and delegation of the hotel management function by the Manager to the Lessees; the Kaifeng Hotel Lease Agreement and the Kaifeng Hotel Management Agreement both dated 29 June 2015 in respect of Kaifeng Hotel; and the Netherlands Hotel Lease Agreement, as amended, supplemented and/or otherwise modified from time to time.
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, the issued shares of which are ultimately owned as to 83.90%, 9.29% and 6.81% by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively, as at 30 June 2019.
Huge Harvest Group	Huge Harvest, its direct and indirect subsidiaries.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

Individual Rent	the rent payable under a Hotel Lease and Management Agreement.
Initial Hotel Properties	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 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) and New Century Grand Hotel Changchun (長春開元名都大酒店); and each an “Initial Hotel Property”.
Lessee(s)	New Century Hotel Management in respect of the Initial Hotel Properties and New Century Grand Hotel Kaifeng Business Company Limited in respect of the Kaifeng Hotel and Eden Eindhoven Hotel Exploitatie II B.V. in respect of the Netherlands Hotel.
Lessor(s)	the Property Companies.
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	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.
Netherlands Hotel	means Holiday Inn Eindhoven (荷蘭開元假日酒店—埃因霍溫*), situated at Veldmaarschalk Montgomerylaan 1, 5612 BA, Eindhoven, the Netherlands.
New Century Europe	New Century Europe I S.à.r.l., a private limited liability company, incorporated on 20 May 2016 under the laws of Luxembourg and registered with the Luxembourgian trade register, a wholly-owned subsidiary of New Century REIT.
New Century Hotel Management	Zhejiang New Century Hotel Management Co., Ltd.* (浙江開元酒店管理股份有限公司), a joint stock company with limited liability incorporated in the PRC on 28 June 2017 (including its predecessors) and listed on the main board of The Stock Exchange of Hong Kong Limited in March 2019.
New Century Netherlands I	New Century Netherlands I B.V., previously known as Invesco HF 2 Eindhoven Hotel Investment B.V., a private company with limited liability incorporated in Amsterdam, the Netherlands, on 3 February 2012, a wholly owned subsidiary of New Century REIT.
New Century REIT Hong Kong I	New Century REIT Hong Kong I Limited, a company incorporated in Hong Kong on 3 August 2016, a wholly-owned subsidiary of New Century REIT.
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.



## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

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	the 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 the purposes of this report only, the Hong Kong Special Administrative Region of the PRC, the Macao 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, Xiaoshan Hotel Company, Kaifeng New Century Grand and New Century Netherlands I.
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 to 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.
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 2019, includes SPV (BVI), SPV (HK), Sky Town, Strong Tower, Full Wise HK, New Century REIT Hong Kong I, New Century Europe 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.

## DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

SPV (HK)	Spearhead Investments Limited (銳至投資有限公司), a company incorporated in Hong Kong on 25 March 2013 and a wholly-owned subsidiary of New Century REIT.
sq.m.	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.
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) established in the PRC on 8 September 1994, which is owned as to approximately 95.46% by Zhejiang New Century Hotel, and approximately 4.54% by 28 other 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 Grand Hotel Ningbo  
寧波開元名都大酒店

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

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

New Century Resort Qiandao Lake Hangzhou  
杭州千島湖開元渡假村



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

(Stock code: 1275)



[www.ncreit.com](http://www.ncreit.com)