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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution licensed to deal in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your units in New Century REIT, you should at once hand this circular, together with the accompanying form of proxy, to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) PROPOSED EXTENSION AND MODIFICATION OF
WAIVER IN RESPECT OF
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS
AND
(2) EXTRAORDINARY GENERAL MEETING AND CLOSURE OF
REGISTER OF UNITHOLDERS**



**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)

**Managed by
New Century Asset Management Limited**

**Independent Financial Adviser to the Independent Board Committee,
the Independent Unitholders and the Trustee**

 **SOMERLEY CAPITAL LIMITED**

A letter to the Unitholders is set out on pages 10 to 25 of this circular.

A notice convening the EGM of New Century REIT to be held at Portion 2, 12/F The Center, 99 Queen's Road Central, Central, Hong Kong (Conference Room 2-4) on Wednesday, 5 June 2019 at 3:30 p.m. is set out on pages N-1 to N-3 of this circular. Whether or not you are able to attend and vote at the EGM in person, please complete and return the accompanying form of proxy to the Unit Registrar of New Century REIT, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

21 May 2019

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CORPORATE INFORMATION

New Century REIT	New Century Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange
REIT Manager	New Century Asset Management Limited
Directors of the REIT Manager	
Non-executive Directors	Mr. Jin Wenjie (<i>Chairman</i>) Mr. Zhang Guanming Mr. Tong JinQuan
Executive Director	Mr. Cheung Yat Ming
Independent Non-executive Directors	Mr. Angelini Giovanni Mr. Yu Hon To David Professor He Jianmin
Trustee	DB Trustees (Hong Kong) Limited Level 52, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee	Somerley Capital Limited 20th Floor, China Building 29 Queen's Road Central Hong Kong
Legal Advisers to the REIT Manager	Dechert 31/F Jardine House One Connaught Place Central Hong Kong
Legal Advisers to the Trustee	Baker & McKenzie 14th Floor, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong

CORPORATE INFORMATION

Unit Registrar

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

Independent Property Valuer

Savills Valuation and Professional Services Limited
1208, Cityplaza One
1111 King's Road
Taikoo Shing
Hong Kong

DEFINITIONS

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

“2013 Waiver”	means the waiver granted by the SFC to New Century REIT in June 2013 in relation to the leasing of certain areas in New Century Grand Hotel Hangzhou and New Century Hotel Xiaoshan Zhejiang by members of the Huge Harvest Group as lessees on the one hand and Zhejiang New Century Hotel and Xiaoshan Hotel Company (as the case may be) as lessors on the other hand
“2014 Circular”	means the circular dated 30 June 2014 issued by New Century REIT to the Unitholders, in relation to, among other things, the 2014 Modified and Extended Waiver
“2014 Modified and Extended Waiver”	means the modified and extended waiver for the Relevant Lease Transactions
“2016 Circular”	means the circular dated 17 May 2016 issued by New Century REIT to the Unitholders, in relation to, among other things, the 2016 Extended Waiver
“2016 Extended Annual Caps”	means the extended annual caps for the Relevant Lease Transactions for the three financial years ending 31 December 2019 as described in the 2016 Circular
“2016 Extended Waiver”	means the extended 2014 Modified and Extended Waiver for the Relevant Lease Transactions for the three financial years ending 31 December 2019 as described in the 2016 Circular
“2019 Extended and Modified Waiver”	means the proposed extension and modification of the 2016 Extended Waiver for the Relevant Lease Transactions for the three financial years ending 31 December 2022 as described in this circular
“associate(s)”	has the meaning as ascribed thereto in the REIT Code
“associated companies”	has the meaning as ascribed thereto in the REIT Code
“Board”	means the board of Directors of the REIT Manager

DEFINITIONS

“Business Day”	means a day (excluding, Saturdays, Sundays and public holidays) on which commercial banks are open for business in Hong Kong and the Stock Exchange is open for trading
“connected person(s)”	has the same meaning ascribed thereto under Chapter 8 of the REIT Code
“Directors”	means the directors of the REIT Manager, and each a “Director”
“EGM”	means the extraordinary general meeting of Unitholders convened by and referred to in the EGM Notice
“EGM Notice”	means the notice included in this circular in respect of the EGM to consider and, if thought fit, approve the 2019 Extended and Modified Waiver (including the New Annual Caps)
“EGM Record Date”	means 5 June 2019, being the date by reference to which eligibility of the Unitholders to vote at the EGM will be determined
“EGM Resolution”	means the Ordinary Resolution to be passed at the EGM, as set out in the EGM Notice and explained in this circular
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hotel Properties”	means the hotel properties owned by New Century REIT from time to time, currently being the Initial Hotel Properties, the Kaifeng Hotel and the Netherlands Hotel
“Huge Harvest”	means Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the British Virgin Islands on 11 January 2008, with 83.90%, 9.29% and 6.81% of its issued shares beneficially owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively

DEFINITIONS

“Huge Harvest Group”	means Huge Harvest, its direct and indirect subsidiaries, associates and associated companies
“Independent Board Committee”	means the independent board committee of the Board (comprising Mr. Angelini Giovanni, Mr. Yu Hon To David, and Professor He Jianmin, all of whom are Independent Non-executive Directors) which has been established to advise the Independent Unitholders on the 2019 Extended and Modified Waiver (including the New Annual Caps)
“Independent Financial Adviser”	means Somerley Capital Limited, a licensed corporation which is permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Independent Non-executive Directors”	means the independent non-executive Directors of the REIT Manager as at the Latest Practicable Date
“Independent Property Valuer”	means Savills Valuation and Professional Services Limited, the Principal Valuer engaged by New Century REIT for the three financial years ended 31 December 2018 as required under the REIT Code
“Independent Third Party(ies)”	means a third party independent of New Century REIT and not a connected person of New Century REIT
“Independent Unitholder(s)”	means Unitholder(s) other than those who have a material interest in the EGM Resolution
“Initial Hotel Properties”	means 杭州開元名都大酒店 (New Century Grand Hotel Hangzhou*), 浙江開元蕭山賓館 (New Century Hotel Xiaoshan Zhejiang*), 杭州千島湖開元度假村 (New Century Resort Qiandao Lake Hangzhou*), 寧波開元名都大酒店 (New Century Grand Hotel Ningbo*) and 長春開元名都大酒店 (New Century Grand Hotel Changchun*)
“Kaifeng Hotel”	means 開封開元名都大酒店 (New Century Grand Hotel Kaifeng*)
“Kaifeng New Hotel Lease Agreement”	has the meaning ascribed to “New Hotel Lease Agreement” as defined in the circular of New Century REIT dated 30 June 2015

DEFINITIONS

“Latest Practicable Date”	means 17 May 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Master Hotel Lease and Management Agreement”	means the framework agreement between Zhejiang New Century Hotel, New Century Hotel Management, New Century Tourism and the REIT Manager dated 14 June 2013, which sets out the general guidelines and principles for the lease and management of the Initial Hotel Properties under the separate hotel lease and management agreements for each Initial Hotel Property
“Netherlands Hotel”	means Holiday Inn Eindhoven
“New Annual Caps”	means the proposed new annual caps for the Relevant Lease Transactions for the three financial years ending 31 December 2022
“New Century Grand Hotel Hangzhou”	means 杭州開元名都大酒店 (New Century Grand Hotel Hangzhou*), a hotel located in No. 818 Middle Shixin Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC and is 100% directly held by Zhejiang New Century Hotel
“New Century Hotel Management”	means 浙江開元酒店管理股份有限公司 (Zhejiang New Century Hotel Management Co., Ltd.), a company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 1158), which is directly held by New Century Tourism as to 44.9%, which is in turn indirectly owned as to 85.2%, 8.5% and 6.3% by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming respectively, and a member company of the Huge Harvest Group. New Century Hotel Management is the lessee and the hotel manager of the Initial Hotel Properties under the Master Hotel Lease and Management Agreement

DEFINITIONS

“New Century Hotel Xiaoshan Zhejiang”	means 浙江開元蕭山賓館 (New Century Hotel Xiaoshan Zhejiang*), a hotel located in No. 77, Renmin Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC and is 100% directly held by Xiaoshan Hotel Company
“New Century REIT”	means New Century Real Estate Investment Trust, a collective investment scheme constituted as a unit trust and authorised under section 104 of the SFO
“New Century REIT Group”	means New Century REIT and other companies or entities held or controlled by New Century REIT
“New Century Tourism”	means 開元旅業集團有限公司 (New Century Tourism Group Limited*), a limited liability company incorporated under the laws of the PRC
“Offering Circular”	means the offering circular dated 24 June 2013 and as supplemented on 29 June 2013, issued in connection with the initial public offering and listing of the Units on the Main Board of the Stock Exchange
“Ordinary Resolution(s)”	means a resolution or resolutions (as the context requires) passed at a meeting of Unitholders duly convened and held in accordance with the provisions contained in the Trust Deed and carried by a simple majority of the votes of those Unitholders present and entitled to vote in person or by proxy
“PRC” or “China”	means the People’s Republic of China excluding, for the purposes of this circular only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Principal Valuer”	has the meaning ascribed to it under the REIT Code
“REIT Code”	means the Code on Real Estate Investment Trusts published by the SFC as amended, supplemented or otherwise modified for the time being or, for the purpose of the Trust Deed, from time to time, including but not limited to by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC
“REIT Manager”	means New Century Asset Management Limited (開元資產管理有限公司), manager of New Century REIT

DEFINITIONS

“Relevant Lease Transactions”	means the lease transactions between members of New Century REIT Group as lessors and members of the Huge Harvest Group as lessees, which excludes the lease transactions under the (i) Hotel Lease and Management Agreements (as defined in the Offering Circular) and (ii) Kaifeng New Hotel Lease Agreement
“RMB”	means Renminbi, the lawful currency of the PRC
“SFC”	means the Securities and Futures Commission of Hong Kong
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified and the rules thereunder
“Shanghai Hotel”	means 上海松江開元名都大酒店 (Songjiang New Century Grand Hotel Shanghai*), which was disposed by New Century REIT Group with effect from 1 June 2017
“Significant Holder”	has the meaning ascribed to it in the REIT Code
“sqm”	means square metre
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Trust Deed”	means the trust deed constituting New Century REIT dated 10 June 2013, entered into between the Trustee and the REIT Manager, as amended by the Supplemental Trust Deed dated 20 June 2013 and Second Supplemental Trust Deed dated 15 June 2015 (as may be further amended and supplemented from time to time)
“Trustee”	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of New Century REIT
“Unit(s)”	means units of New Century REIT
“Unitholder(s)”	means any person registered as holding a Unit (other than HKSCC Nominees Limited) and any person holding Units through the Central Clearing and Settlement System

DEFINITIONS

“Unit Registrar”	means Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Xiaoshan Hotel Company”	means 浙江銳至投資股份有限公司 (previously known as 浙江蕭山賓館股份有限公司)(Zhejiang Xiaoshan Hotel Limited*), a joint stock company (non-listed) incorporated in the PRC on 8 September 1994, which is approximately 95.46% owned by Zhejiang New Century Hotel, and approximately 4.54% owned by 29 Independent Third Parties
“Zhejiang New Century Hotel”	means 浙江開元酒店投資管理集團有限公司 (Zhejiang New Century Hotel Investment & Management Group Limited*), a company incorporated in the PRC on 30 November 2001

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this circular shall be a reference to Hong Kong time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them or may not be a mathematic calculations of the figures preceding them or shown.

Unless otherwise stated, references to “year” in the description of the Relevant Lease Transactions refer to “lease” year rather than financial year or calendar year.

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.

LETTER TO THE UNITHOLDERS



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)

Managed by
New Century Asset Management Limited

Directors of the REIT Manager:

Non-executive Directors

Mr. Jin Wenjie (*Chairman*)

Mr. Zhang Guanming

Mr. Tong JinQuan

Registered Office:

Unit 4706, 47/F, The Center

99 Queen's Road Central

Hong Kong

Executive Director

Mr. Cheung Yat Ming

Independent Non-executive Directors

Mr. Angelini Giovanni

Mr. Yu Hon To David

Professor He Jianmin

21 May 2019

To: Unitholders of New Century REIT

Dear Sir/Madam,

CIRCULAR TO UNITHOLDERS IN RELATION TO
(1) PROPOSED EXTENSION AND MODIFICATION
OF WAIVER IN RESPECT OF
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS
AND
(2) EXTRAORDINARY GENERAL MEETING AND CLOSURE
OF REGISTER OF UNITHOLDERS

LETTER TO THE UNITHOLDERS

1. INTRODUCTION

Reference is made to (i) the Offering Circular; (ii) the 2014 Circular; (iii) the 2016 Circular; and (iv) the announcement of New Century REIT dated 1 June 2016 in relation to, among other things, granting of the 2016 Extended Waiver by the SFC. The purposes of this circular are to: (a) provide you with information on the 2019 Extended and Modified Waiver (including the New Annual Caps); (b) provide you with further information as is necessary to enable you to make an informed decision on whether to vote for or against the EGM Resolution relating to the 2019 Extended and Modified Waiver (including the New Annual Caps); (c) set out the recommendation of the Independent Board Committee relating to the 2019 Extended and Modified Waiver (including the New Annual Caps); (d) set out the recommendation of the Independent Financial Adviser to the Independent Board Committee, the Independent Unitholders and the Trustee relating to the 2019 Extended and Modified Waiver (including the New Annual Caps); and (e) serve notice of the EGM.

The EGM Resolution seeks the Independent Unitholders' approval for the 2019 Extended and Modified Waiver (including the New Annual Caps) as more particularly described in this circular.

2. 2019 EXTENDED AND MODIFIED WAIVER (INCLUDING THE NEW ANNUAL CAPS)

(i) Background to the 2013 Waiver, the 2014 Modified and Extended Waiver and the 2016 Extended Waiver

As disclosed in the Offering Circular, at the time of authorisation of New Century REIT under section 104 of the SFO in 2013, the REIT Manager had applied for and the SFC granted a number of waivers from strict compliance with the disclosure and Unitholders' approval requirements under Chapter 8 of the REIT Code in respect of certain connected party transactions of New Century REIT, including, among others, the 2013 Waiver in relation to certain lease agreements entered into between Huge Harvest Group and Zhejiang New Century Hotel and Xiaoshan Hotel Company, respectively.

LETTER TO THE UNITHOLDERS

The REIT Manager had applied for and on 16 July 2014, the SFC granted an approval for the 2014 Modified and Extended Waiver so that the scope of such waiver will be expanded from the two then existing hotels (i.e. New Century Grand Hotel Hangzhou and New Century Hotel Xiaoshan Zhejiang) to all Hotel Properties, and accordingly, the 2014 Modified and Extended Waiver will cover all Relevant Lease Transactions, which are lease transactions between members of New Century REIT Group as lessors and members of the Huge Harvest Group as lessees covered by the 2014 Modified and Extended Waiver in relation to all Hotel Properties (including both the Initial Hotel Properties and other hotels properties acquired by New Century REIT from time to time, excluding the lease transactions under the (i) Hotel Lease and Management Agreements (as defined in the Offering Circular); and (ii) Kaifeng New Hotel Lease Agreement) for the three financial years ending 31 December 2016 (and subject to the then new annual caps and conditions), with details described in the 2014 Circular.

The REIT Manager had further applied for and on 1 June 2016, the SFC granted an approval for the 2016 Extended Waiver so that such waiver will expire on 31 December 2019.

Details of the Relevant Lease Transactions, the 2014 Modified and Extended Waiver and the 2016 Extended Waiver are set out in the Offering Circular, the 2014 Circular, the 2016 Circular and the announcements of New Century REIT dated 30 June 2014 and 16 May 2016, respectively.

(ii) Expiration of the 2016 Extended Waiver

The 2016 Extended Waiver will expire on 31 December 2019. In accordance with the terms of the 2016 Extended Waiver, the 2016 Extended Waiver may be extended beyond 31 December 2019, and/or the terms and conditions of the 2016 Extended Waiver may be modified from time to time, provided that:

- (a) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (b) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (c) any extension of the period of the 2016 Extended Waiver shall be, on each occasion of such extension, for a period which shall expire not later than the third full financial year-end date of New Century REIT after the date on which the approval in (a) above is obtained.

LETTER TO THE UNITHOLDERS

(iii) Extension and modification of the 2016 Extended Waiver

The REIT Manager has applied to the SFC for an extension and modification of the 2016 Extended Waiver so that it applies for the three financial years ending 31 December 2022 (the “**2019 Extended and Modified Waiver**”) and such that it will be expanded to cover associates and associated companies of Huge Harvest. Accordingly, the 2019 Extended and Modified Waiver will cover the Relevant Lease Transactions, which are lease transactions entered into between New Century REIT Group and Huge Harvest, its direct and indirect subsidiaries, associates and associated companies (i.e. the Huge Harvest Group), which excludes the lease transactions under (i) the Hotel Lease and Management Agreement (as defined in the Offering Circular) and (ii) Kaifeng New Hotel Lease Agreement. As part of its submission, the REIT Manager has also proposed the New Annual Caps for the extended period, which is more particularly described in section 2.(iv) headed “2019 Extended and Modified Waiver (including the New Annual Caps) – Annual Caps” below.

The modification of the 2016 Extended Waiver is sought mainly for the following reasons: (i) in May 2017, Huge Harvest and its direct and indirect subsidiaries underwent certain reorganization and restructuring steps (“**Huge Harvest Reorganization**”). As a result, although there was no change in any lessees (including New Century Hotel Management and New Century Tourism) under the Relevant Lease Transactions, due to the Huge Harvest Reorganization, the relevant lessees (including New Century Hotel Management and New Century Tourism) are no longer subsidiaries of Huge Harvest; and (ii) the 2019 Extended and Modified Waiver would also allow more flexibility to New Century REIT Group, such that it may potentially lease certain areas of the Hotel Properties (currently leased to Independent Third Parties) to other members which form part of the Huge Harvest Group.

The REIT Manager confirms that any transactions to be covered by the 2019 Extended and Modified Waiver will be at arm’s length and on normal commercial terms, with reference to the then prevailing market rents. In addition, the REIT Manager confirms that any connected party transactions to be covered by the 2019 Extended and Modified Waiver are to be reviewed and approved by the Independent Non-executive Directors. In addition, save and except for the modification of the scope of the Huge Harvest Group, the category of transactions (including the scope and nature) of the 2016 Extended Waiver and the 2019 Extended and Modified Waiver will be the same.

LETTER TO THE UNITHOLDERS

(iv) Annual Caps

Historical Transaction Amounts and the 2016 Extended Annual Caps

The (i) historical transaction amounts in respect of the Relevant Lease Transactions for the financial years ended 31 December 2017, 2018 and the three months ended 31 March 2019; and (ii) 2016 Extended Annual Caps are set out in the table below.

	Historical Transaction Amounts			2016 Extended Annual Caps		
	RMB million			RMB million		
	For the year ended 31 December 2017	For the year ended 31 December 2018	For the three months ended 31 March 2019	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ending 31 December 2019
Relevant Lease Transactions	10.7	8.5	2.2	17.7 ⁽¹⁾	18.2 ⁽²⁾	18.8 ⁽³⁾

Notes:

- (1) The utilization rate for the year ended 31 December 2017 under the 2016 Extended Annual Caps was approximately 60.4%.
- (2) The utilization rate for the year ended 31 December 2018 under the 2016 Extended Annual Caps was approximately 46.9%.
- (3) For illustration purposes, the annualized utilization rate calculated based on the three months ended 31 March 2019 under the 2016 Extended Annual Caps is approximately 46.2%.

As disclosed in the 2016 Circular, the annual caps for the Relevant Lease Transactions for the financial years ending 31 December 2017, 2018 and 2019 in respect of all Hotel Properties granted by the SFC were RMB17.7 million, RMB18.2 million and RMB18.8 million respectively. Such annual caps represented the estimated rental income based on: (i) an annual increment of 3%; (ii) a buffer of 25% having taken into account (a) unforeseeable market fluctuations; (b) potential leasing of certain area of the Hotel Properties that are currently leased to Independent Third Parties of New Century REIT to members of Huge Harvest Group on normal commercial terms should such opportunities arise during the three financial years ending 31 December 2019 upon expiry or termination of the lease agreements with

LETTER TO THE UNITHOLDERS

such Independent Third Parties; and (c) possibility of new Relevant Lease Transactions in future hotels acquired by New Century REIT; (iii) the then current rent of all existing leases with members of the Huge Harvest Group within a three-year lease term; and (iv) potential leasing by Huge Harvest Group of all or part of the 10% reduced area in Kaifeng Hotel and Shanghai Hotel.

New Annual Caps

The REIT Manager proposes the aggregate annual value payable to New Century REIT Group by the Huge Harvest Group in respect of the Relevant Lease Transactions for each of the three financial years ending 31 December 2022 is not to exceed the respective annual cap amounts as follows:

	For the year ending 31 December 2020 <i>RMB million</i>	For the year ending 31 December 2021 <i>RMB million</i>	For the year ending 31 December 2022 <i>RMB million</i>
New Annual Caps	11.2	11.6	11.9

Basis of the New Annual Caps

The New Annual Caps have been determined after careful consideration with general reference to historical transaction amounts and based on anticipated aggregate value of such transactions in the waiver period, taking into account: (i) an annual increment of 3% taking the following into consideration: (x) the increment rate of all existing leases under the Relevant Lease Transactions (including leases entered into between members of New Century REIT Group as lessors and members of the Huge Harvest Group or Independent Third Parties as lessees); and (y) the forecast for inflation in the PRC for the three financial years ending 31 December 2022 as published by the International Monetary Fund in October 2018; (ii) a buffer of 25% having taken into account (a) unforeseeable market fluctuations; (b) potential leasing of certain area of the Hotel Properties that are currently leased to Independent Third Parties of New Century REIT to members of the Huge Harvest Group on normal commercial terms should such opportunities arise during the three financial years ending 31 December 2022 upon expiry or termination of the lease agreements with such Independent Third Parties; and (c) possibility of new Relevant Lease Transactions in future hotels acquired by New Century REIT; and (iii) the current rent of all existing leases with members of the Huge Harvest Group within a three-year lease term.

LETTER TO THE UNITHOLDERS

The New Annual Caps are lower than the 2016 Extended Annual Caps. This is primarily due to the following reasons: (i) the disposal of the Shanghai Hotel in 2017, which resulted in there being fewer potential lease transactions between the New Century REIT Group and the Huge Harvest Group (which would have amounted to an average annual transaction amount of approximately RMB3.7 million for the three years ending 31 December 2019); and (ii) the REIT Manager not taking into consideration the potential leasing by the Huge Harvest Group of all or part of the 10% reduced area in Kaifeng Hotel pursuant to the Kaifeng New Hotel Lease Agreement (as further described in the 2016 Circular) (which would have amounted to an average annual transaction amount of approximately RMB3.9 million for the three years ending 31 December 2019).

(v) Waiver Conditions of the 2019 Extended and Modified Waiver

The REIT Manager has applied to the SFC for the 2019 Extended and Modified Waiver (including the New Annual Caps) in relation to the Relevant Lease Transactions between members of the New Century REIT Group and members of the Huge Harvest Group on the following waiver terms and conditions which are (other than in respect of the annual caps) identical to the conditions for the 2016 Extended Waiver:

(a) Due Approval by Unitholders

Due approval by the Independent Unitholders and adoption of the Ordinary Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) in the EGM Notice dated 21 May 2019, without any material amendment thereto.

(b) Extensions or Modifications

The 2019 Extended and Modified Waiver is for a period of three financial years ending 31 December 2022. The 2019 Extended and Modified Waiver may be extended beyond 31 December 2022, and/or the terms and conditions of the 2019 Extended and Modified Waiver may be modified from time to time, provided that:

- (1) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (2) disclosure of details of the proposed extension and/or modification (as the case may be) shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and

LETTER TO THE UNITHOLDERS

- (3) any extension of the period of the 2019 Extended and Modified Waiver shall, on each occasion of such extension, for a period which shall expire not later than the third full financial year-end date of New Century REIT after the date on which the approval referred to in (b)(1) above is obtained.

For the avoidance of doubt, any material change to the transactions covered by the 2019 Extended and Modified Waiver (including without limitation the scope or nature of the transactions) provided by the REIT Manager in the waiver application dated 17 May 2019 based on which the waiver is sought and granted must be approved by the Independent Unitholders as referred to in 2.(v)(b)(1) above and details of the proposed changes shall be disclosed in the manner as referred to in 2.(v)(b)(2) above.

(c) *The New Annual Caps*

The aggregate transaction value of all of the Relevant Lease Transactions for all Hotel Properties shall not exceed the following annual cap amounts set for the relevant period:

	For the year ending 31 December 2020 <i>RMB million</i>	For the year ending 31 December 2021 <i>RMB million</i>	For the year ending 31 December 2022 <i>RMB million</i>
New Annual Caps	11.2	11.6	11.9

(d) *Disclosure in reports and results announcements*

Details of the relevant connected party transactions will be disclosed in New Century REIT's semi-annual and annual reports and results announcements, as required under 8.14 of the REIT Code.

LETTER TO THE UNITHOLDERS

(e) Auditors' review procedures

The REIT Manager shall engage and agree with the auditors of New Century REIT to perform certain review procedures on all of the connected party transactions in respect of each financial year. The auditors will then report to the REIT Manager on the factual findings based on the work performed by them (and a copy of such report will be provided to the SFC), confirming whether all such connected party transactions:

- (1) have received the approval of the board of directors of the REIT Manager (including the approval of all of the Independent Non-executive Directors);
- (2) have been entered into in accordance with the terms of the agreements/deeds and the REIT Manager's internal procedures governing the transactions; and
- (3) the total value in respect of which has not exceeded the respective annual limits (where applicable).

(f) Review by the Independent Non-executive Directors

The Independent Non-executive Directors shall review the relevant connected party transactions annually and confirm in New Century REIT's annual report for the relevant financial period that such transactions have been entered into:

- (1) in the ordinary and usual course of business of New Century REIT;
- (2) on normal commercial terms (to the extent that there are comparable transactions) or, where there are insufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to New Century REIT than terms available to or from (as appropriate) Independent Third Parties; and
- (3) in accordance with the relevant agreements/deeds and the REIT Manager's internal procedures governing them (if any) on terms that are fair and reasonable and in the interests of Unitholders as a whole.

(g) Access to books and records

The REIT Manager shall allow and shall procure the counterparty to the relevant connected party transactions to allow, the auditors of New Century REIT sufficient access to their respective records for the purpose of reporting on the transactions.

LETTER TO THE UNITHOLDERS

(h) Notification to the SFC

The REIT Manager shall promptly notify the SFC and publish an announcement if it knows or has reason to believe that the auditors and/or the Independent Non-executive Directors will not be able to confirm the matters set out in paragraphs (e) and (f) above.

(i) Subsequent increase in annual caps with Independent Unitholders' approval

If necessary, for example, where there are further asset acquisitions by New Century REIT thereby increasing the scale of its operations generally, or where there are changes in market or operating conditions, the REIT Manager may, from time to time in the future, seek to increase one or more of the annual cap amounts set out in the above, provided that:

- (1) the approval of Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders;
- (2) disclosure of details of the proposal to increase the cap amounts shall be made by way of an announcement by the REIT Manager of such proposal, and a circular and notice shall be issued to Unitholders in accordance with Chapter 10 of the REIT Code; and
- (3) the requirement referred to in paragraphs (c) to (h) above shall continue to apply to the relevant transactions, save that the increased annual cap amounts shall apply.

(j) 8.14 of the REIT Code

The REIT Manager shall comply in full with the requirements of 8.14 of the REIT Code where there is any material change to the terms of the relevant connected party transactions or where there is any subsequent change to the REIT Code which may impose stricter requirements in respect of disclosure and/or Unitholders' approval.

3. IMPLICATIONS UNDER THE REIT CODE AND APPROVALS REQUIRED

According to the 2016 Circular and subject to the waiver conditions as set out in the poll results announcement of New Century REIT dated 1 June 2016, the 2016 Extended Waiver covers all Relevant Lease Transactions which may from time to time be entered into between members of New Century REIT Group and members of the Huge Harvest Group (as defined in the 2016 Circular) in relation to all Hotel Properties owned by New Century REIT from time to time for the three financial years ending 31 December 2019.

LETTER TO THE UNITHOLDERS

Huge Harvest is a Significant Holder (that is, a holder of 10% or more of the outstanding Units) of New Century REIT, which is beneficially owned as to 83.90% by Mr. Chen Miaolin, and is therefore a connected person of New Century REIT. Members of the Huge Harvest Group (which includes associates and associated companies of Huge Harvest) are therefore also connected persons of New Century REIT. The Relevant Lease Transactions under the 2016 Extended Waiver (and if approved at the EGM, the 2019 Extended and Modified Waiver) constitute connected party transactions under 8.5 of the REIT Code.

Pursuant to the 2016 Extended Waiver, the REIT Manager is required to issue an announcement and to issue a circular and notice to Unitholders in accordance with Chapter 10 of the REIT Code to seek the Independent Unitholders' approval to modify and further extend the 2016 Extended Waiver beyond 31 December 2019.

Accordingly, the REIT Manager intends to seek the Independent Unitholders' approval for the 2019 Extended and Modified Waiver (including the New Annual Caps).

Under paragraph 3.4 of Schedule 1 to the Trust Deed, a resolution put to the meeting of Unitholders shall be decided on a poll and the result of the poll shall be deemed to be the resolution of the meeting. Accordingly, the proposed Ordinary Resolution will be decided on a poll at the EGM and the result of the poll shall be deemed to be the resolution of the meeting.

4. RESTRICTIONS ON VOTING

8.11 of the REIT Code requires that where a Unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting at the general meeting.

Under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the transaction tabled for approval at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his/her/its Units at, or being counted in the quorum for, such meeting.

Pursuant to the REIT Code and the Trust Deed, by virtue of Huge Harvest's and Mr. Jin Wenjie's (being the chairman and non-executive Director of the REIT Manager and the chairman and executive director of New Century Hotel Management) material interest or deemed material interest in the 2019 Extended and Modified Waiver, Huge Harvest and Mr. Jin Wenjie shall abstain from voting their Units at, or being counted in the quorum for, the EGM. Huge Harvest and Mr. Jin Wenjie have agreed that they will abstain, and will procure that their associates and associated companies (as applicable) abstain, from voting at the EGM on the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) except pursuant to a proxy given by the Independent Unitholders where a specific direction as to voting is given.

LETTER TO THE UNITHOLDERS

So far as the REIT Manager is aware, as at the Latest Practicable Date, Huge Harvest and Mr. Jin Wenjie were interested or deemed to be interested in 578,780,062 Units and 1,679,000 Units respectively, representing 60.14% and 0.17% of the Units in issue respectively.

As at the Latest Practicable Date, to the best of the REIT Manager's knowledge, information and belief after having made all reasonable enquiries, the REIT Manager is of the view that, save as disclosed, no other Unitholder is required to abstain from voting in respect of the EGM Resolution.

Other than Mr. Jin Wenjie being an executive director and chairman of New Century Hotel Management and Mr. Zhang Guanming being a non-executive Director and being a beneficial owner of Huge Harvest, no other Directors have a material interest in the 2019 Extended and Modified Waiver. Mr. Jin Wenjie and Mr. Zhang Guanming have abstained from voting on the board resolutions approving the same.

5. OPINION OF THE INDEPENDENT FINANCIAL ADVISER

Somerley Capital Limited has been appointed as the Independent Financial Adviser by the REIT Manager to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the 2019 Extended and Modified Waiver (including the New Annual Caps).

The Independent Financial Adviser confirms that, it is of the view that (i) the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm's length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and that (ii) the 2019 Extended and Modified Waiver and the New Annual Caps are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

The Independent Financial Adviser therefore advises the Independent Board Committee to recommend, and the Independent Financial Adviser itself recommends, the Independent Unitholders to vote in favour of the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) at the EGM. Details of the Independent Financial Adviser's opinion, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion are set out in the "Letter from the Independent Financial Adviser" in this circular.

LETTER TO THE UNITHOLDERS

6. OPINION OF THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established by the Board to advise the Independent Unitholders on the 2019 Extended and Modified Waiver (including the New Annual Caps). Your attention is drawn to the “Letter from the Independent Board Committee” set out in this circular, which contains the Independent Board Committee’s recommendation to the Independent Unitholders. Having taken into account the opinion of the Independent Financial Adviser, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion and also the Independent Financial Adviser’s recommendation, the Independent Board Committee considers that (i) the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm’s length and on normal commercial terms, fair and reasonable as far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and that (ii) the 2019 Extended and Modified Waiver and the New Annual Caps are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

The Independent Board Committee therefore recommends that the Independent Unitholders vote in favour of the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) at the EGM. Details of the Independent Board Committee’s recommendation are set out in the “Letter from the Independent Board Committee” in this circular.

7. OPINION OF THE INDEPENDENT PROPERTY VALUER

Savills Valuation and Professional Services Limited, appointed by the REIT Manager as the Independent Property Valuer, has confirmed that in its opinion, the subsisting Relevant Lease Transactions including the rental rates are at arm’s length, on normal commercial terms and consistent with normal business practice for contracts of the relevant type and at the prevailing market level when the parties entered into the contracts.

LETTER TO THE UNITHOLDERS

8. RECOMMENDATIONS AND VIEWS

The Board

Having regard to the reasons for, terms of, factors and other information taken into consideration in relation to the 2019 Extended and Modified Waiver (including the New Annual Caps), the Directors (including all the Independent Non-executive Directors) confirm that:

- (i) the 2019 Extended and Modified Waiver and the New Annual Caps (including the basis of the New Annual Caps) are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole;
- (ii) the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm's length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and
- (iii) each of the Relevant Lease Transactions under the 2019 Extended and Modified Waiver (including the New Annual Caps) to be entered into for the three financial years ending 31 December 2022 after the Latest Practicable Date will be entered into: (a) in the ordinary and usual course of business of New Century REIT; and (b) on terms which are normal commercial terms at arm's length and are fair and reasonable as far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

The Board therefore recommends that the Independent Unitholders to vote at the EGM in favour of the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps).

LETTER TO THE UNITHOLDERS

Trustee

The Independent Financial Adviser has been appointed by the REIT Manager to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the 2019 Extended and Modified Waiver (including the New Annual Caps). Details of the Independent Financial Adviser's opinion, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion and also the Independent Financial Adviser's recommendation, are set out in the "Letter from the Independent Financial Adviser" in this circular. Further, the Independent Board Committee has been appointed to advise the Independent Unitholders on the 2019 Extended and Modified Waiver (including the New Annual Caps) and its advice is set out in the "Letter from the Independent Board Committee" in this circular.

Based and in sole reliance on: (1) the recommendations and views of the Board in this circular and the information and assurances provided by the REIT Manager; (2) the Letter from the Independent Financial Adviser; and (3) the Letter from the Independent Board Committee, the Trustee, having taken into account its duties set out in the Trust Deed and the REIT Code, is of the view that: (a) the 2019 Extended and Modified Waiver (including the New Annual Caps) and the subsisting Relevant Lease Transactions as at the Latest Practicable Date are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and (b) based on the foregoing matters, it has no objection, subject to the approval of the Independent Unitholders, for the REIT Manager to proceed with the 2019 Extended and Modified Waiver (including the New Annual Caps). This view is being furnished for the sole purpose of complying with 10.10(o) of the REIT Code, and is not to be taken as a recommendation or representation by the Trustee of the merits of the 2019 Extended and Modified Waiver (including the New Annual Caps).

The Trustee has not made any assessment of the merits or impact of the 2019 Extended and Modified Waiver (including the New Annual Caps), other than for the purposes of fulfilling its fiduciary duties set out in the Trust Deed and the REIT Code. Accordingly, Unitholders who are in any doubt as to the merits or impact of the 2019 Extended and Modified Waiver (including the New Annual Caps) should seek their own financial or other professional advice.

LETTER TO THE UNITHOLDERS

9. EXTRAORDINARY GENERAL MEETING AND CLOSURE OF REGISTER OF UNITHOLDERS

The EGM will be held at Portion 2, 12/F The Center, 99 Queen's Road Central, Central, Hong Kong (Conference Room 2-4) on Wednesday, 5 June 2019 at 3:30 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the EGM Notice, which is set out on pages N-1 to N-3 of this circular.

In order to determine which Unitholders will qualify to attend and vote at the EGM, the register of Unitholders will be closed from Friday, 31 May 2019 to Wednesday, 5 June 2019 (both days inclusive), during which period no transfers of Units will be effected. For those Unitholders who are not already on the register of Unitholders, in order to qualify to attend and vote at the EGM, all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar for registration not later than 4:30 pm on Thursday, 30 May 2019.

You can vote at the EGM if you are a Unitholder on Wednesday, 5 June 2019 which is referred to in this circular as the EGM Record Date. You will find enclosed with this circular the EGM Notice (see pages N-1 to N-3 of this circular) and a form of proxy for use for the EGM.

Your vote is very important. Accordingly, please complete, sign and date the enclosed form of proxy, whether or not you plan to attend the EGM in person, in accordance with the instructions printed on the form of proxy, and return it to the Unit Registrar. The form of proxy should be completed and returned as soon as possible but in any event not less than 48 hours before the time appointed for holding the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Persons who have an interest in the EGM Resolution (which includes all the persons referred to in section 4 headed "Restrictions on Voting" above) must decline to accept appointment as proxies in respect of the EGM Resolution unless the Unitholder concerned has specific instructions in his form of proxy as to the manner in which his votes are to be cast in respect of the EGM Resolution.

10. RESPONSIBILITY STATEMENT

The REIT Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information given in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

Yours faithfully,
By order of the Board
New Century Asset Management Limited
As manager of New Century Real Estate Investment Trust
Mr. Jin Wenjie
Chairman of the REIT Manager

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Managed by
New Century Asset Management Limited

21 May 2019

To: The Independent Unitholders of New Century REIT

Dear Sir or Madam,

**PROPOSED EXTENSION AND MODIFICATION OF
WAIVER IN RESPECT OF
CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS**

We have been appointed as members of the Independent Board Committee to advise you in connection with the 2019 Extended and Modified Waiver (including the New Annual Caps), details of which are set out in the “Letter to the Unitholders” in the circular dated 21 May 2019 (the “**Circular**”) from the REIT Manager to the Unitholders, of which this letter forms a part. Terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

Somerley Capital Limited has been appointed by the REIT Manager as the Independent Financial Adviser to advise us, the Independent Unitholders and the Trustee as to whether the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm’s length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and whether the 2019 Extended and Modified Waiver and the New Annual Caps are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole. Details of their opinion, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion, are set out in the “Letter from the Independent Financial Adviser” the text of which is contained in the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the Independent Financial Adviser's opinion, together with the principal factors taken into consideration, and assumptions and qualifications in arriving at such opinion and also the Independent Financial Adviser's recommendation, we consider that: (i) the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm's length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and (ii) the 2019 Extended and Modified Waiver and the New Annual Caps are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

Accordingly, we recommend that the Independent Unitholders vote in favour of the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) at the EGM.

Yours faithfully,

For and on behalf of Independent Board Committee of
New Century Asset Management Limited
(as manager of New Century Real Estate Investment Trust)

Mr. Angelini Giovanni
Independent Non-executive
Director

Mr. Yu Hon To David
Independent Non-executive
Director

Professor He Jianmin
Independent Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a letter of advice from Somerley Capital Limited to the Independent Board Committee, the Independent Unitholders, and the Trustee, which has been prepared for the purpose of inclusion in this circular.



SOMERLEY CAPITAL LIMITED

20th Floor

China Building

29 Queen's Road Central

Hong Kong

21 May 2019

*To: the Independent Board Committee,
the Independent Unitholders, and the Trustee*

Dear Sirs,

PROPOSED EXTENSION AND MODIFICATION OF WAIVER IN RESPECT OF CERTAIN CONTINUING CONNECTED PARTY TRANSACTIONS

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee, the Independent Unitholders and the Trustee with respect to the 2019 Extended and Modified Waiver (including the New Annual Caps). Details of the above are set out in the letter to the Unitholders contained in the circular dated 21 May 2019 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless the context requires otherwise.

Paragraph 8.11 of the REIT Code requires that where a unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other unitholders, such unitholder shall abstain from voting. Pursuant to the REIT Code and the Trust Deed, by virtue of Huge Harvest's and Mr. Jin Wenjie's (being the chairman and non-executive Director of the REIT Manager and the chairman and executive director of New Century Hotel Management) material interest or deemed material interest in the 2019 Extended and Modified Waiver, Huge Harvest and Mr. Jin Wenjie shall abstain from voting their Units at, or being counted in the quorum for, the EGM. Huge Harvest and Mr. Jin Wenjie have agreed that they will abstain, and will procure that their associates and associated companies (as applicable) to abstain, from voting at the EGM on the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps), except pursuant to a proxy given by the Independent Unitholders where a specific direction as to voting is given.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Angelini Giovanni, Mr. Yu Hon To David, and Professor He Jianmin, has been established to advise the Independent Unitholders in connection with the 2019 Extended and Modified Waiver (including the New Annual Caps). We have been appointed to advise the Independent Board Committee, the Independent Unitholders and the Trustee in this regard.

During the past two years, there were no engagement between New Century REIT and Somerley Capital Limited. As at the Latest Practicable Date, Somerley Capital Limited is independent of (i) New Century REIT; (ii) the Trustee; (iii) the REIT Manager; (iv) each of the significant holders of New Century REIT; (v) each of the relevant parties to the 2019 Extended and Modified Waiver; and (vi) the related parties and connected persons of any of them. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the aforementioned parties.

In formulating our opinion and recommendation, we have reviewed, amongst others, the information relevant to the continuing connected party transactions as contained in (i) the 2019 Extended and Modified Waiver; (ii) all the subsisting lease agreements relating to the Relevant Lease Transactions as at the Latest Practicable Date; (iii) sample lease agreements entered into between New Century REIT Group and independent third parties for areas in the Hotel Properties (the “**Independent Leases**”) as at the Latest Practicable Date; (iv) the annual report of New Century REIT for the year ended 31 December 2018; (v) the underlying independent opinion letters issued by the Independent Property Valuer on the subsisting Relevant Lease Transactions; and (vi) the Circular. We have discussed with the Independent Property Valuer the assumptions and bases for their opinions on the subsisting Relevant Lease Transactions. We have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the REIT Manager and have assumed that the information, facts and opinions provided to us are true, accurate and complete. We have also sought and received confirmation from the Directors and management of the REIT Manager that no material factors have been omitted from the information supplied and opinions expressed. The Directors and the REIT Manager, collectively and individually, have accepted full responsibility for the accuracy of the information given in the Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no facts the omission of which would make any statement in the Circular misleading. We have no reason to doubt the truth, accuracy and completeness of the information provided to us or to believe that any material fact or information has been omitted or withheld. We have not, however, conducted an independent investigation into the affairs of the REIT Manager and New Century REIT. We consider that we have been provided with and have reviewed sufficient information to reach an informed view. We have also assumed that the statements and representations made or referred to in the Circular were accurate and not misleading at the time they were made and will continue to be accurate and not misleading up to the time of the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the 2019 Extended and Modified Waiver (including the New Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Information on New Century REIT

New Century REIT has been listed on the Stock Exchange since 10 July 2013 as a collective investment scheme constituted as a unit trust by the Trust Deed and authorised under section 104 of the SFO, and is managed by the REIT Manager (i.e. New Century Asset Management Limited). 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 and stable high distributions to the Unitholders and achieving long-term growth in distributions and portfolio valuation while maintaining an appropriate capital structure.

As set out in New Century REIT's 2018 annual report, as at 31 December 2018, New Century REIT's property portfolio comprised five 5-star hotels and two 4-star hotels, of which six are located in China and one in the Netherlands, with an average occupancy rate of approximately 68.3% in 2018. The Hotel Properties are mainly managed through long-term hotel lease and management agreements granting operating leases to lessees in return for rental payments. In 2018, New Century REIT recorded total rental income of approximately RMB276.0 million, representing a decrease of approximately 5.9% compared with approximately RMB293.4 million in 2017, which was mainly due to the disposal of the Shanghai Hotel in June 2017.

2. Background to and reasons for the 2019 Extended and Modified Waiver and the New Annual Caps

On 1 June 2016, the SFC granted an approval for the 2016 Extended Waiver in respect of the Relevant Lease Transactions between members of New Century REIT Group (as lessors) and Huge Harvest (approximately 83.9% beneficially owned by Mr. Chen Miaolin, who is also an indirect controlling Unitholder of New Century REIT) and its direct and indirect subsidiaries (as lessees), details of which are set out in the 2016 Circular. The 2016 Extended Waiver covers the three financial years ending 31 December 2019. In accordance with its terms, the 2016 Extended Waiver may be extended beyond 31 December 2019, and/or its terms and conditions may be modified from time to time provided that, among others, the approval of the Independent Unitholders is obtained by way of an Ordinary Resolution passed in a general meeting of Unitholders.

As set out in the letter to the Unitholders in the Circular, Huge Harvest and its direct and indirect subsidiaries underwent reorganisation and restructuring in May 2017. As advised by the REIT Manager, Huge Harvest transferred its interests in a number of companies to other companies also controlled by Mr. Chen Miaolin pursuant to such reorganisation and restructuring. As a result, although there was no change in any lessees

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

under the Relevant Lease Transactions, the relevant lessees are no longer subsidiaries of Huge Harvest, and instead became associated companies of Huge Harvest. The REIT Manager stated in the letter to the Unitholders in the Circular that New Century REIT Group may potentially lease certain areas of the Hotel Properties (currently leased to Independent Third Parties) to other members which form part of the Huge Harvest Group.

According to the REIT Manager, as at the Latest Practicable Date, the subsisting Relevant Lease Transactions comprise 11 lease agreements for either office or commercial areas, of which eight are related to New Century Grand Hotel Hangzhou, two are related to New Century Hotel Xiaoshan Zhejiang and one is related to New Century Resort Qiandao Lake Hangzhou.

The 2016 Extended Waiver will expire on 31 December 2019, and the Relevant Lease Transactions are expected to be extended beyond 31 December 2019. In view of the above, and in order to provide more flexibility to New Century REIT Group, the REIT Manager considers and we concur that it would be appropriate to extend and modify the 2016 Extended Waiver to cover the lease transactions between New Century REIT Group and the Huge Harvest Group, with its new definition covering associates and associated companies of Huge Harvest, for the three years ending 31 December 2022, and proposes the New Annual Caps for the extended period. The modification is to essentially expand the scope of the Huge Harvest Group to capture not only subsidiaries but also associates and associated companies of Huge Harvest, as a result of its reorganisation and restructuring as discussed above, and to ensure the continuity of the Relevant Lease Transactions in the next three years, which we consider to be reasonable.

As set out in the letter to the Unitholders in the Circular, save and except for the modification of the scope of the Huge Harvest Group being covered by the 2019 Extended and Modified Waiver, the category of transactions (including the scope and nature) of the 2016 Extended Waiver and the 2019 Extended and Modified Waiver will be the same.

3. The Relevant Lease Transactions

Set out below are the principal terms of the subsisting Relevant Lease Transactions and our analysis.

Principal terms:

The subsisting Relevant Lease Transactions entered into between New Century REIT Group and the Huge Harvest Group relate to the leasing of office or commercial areas in New Century Grand Hotel Hangzhou, New Century Hotel Xiaoshan Zhejiang and New Century Resort Qiandao Lake Hangzhou, all of which are for a term of three years. Pursuant to the subsisting Relevant Lease Transactions, in general, the respective lessee is required to (i) provide a security deposit of approximately three months' rent, and (ii) pay the monthly rent in advance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Analysis:

As confirmed by the REIT Manager, all the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm's length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned, and in the interests of New Century REIT and the Independent Unitholders as a whole.

We have reviewed (i) all the subsisting Relevant Lease Transactions; (ii) the underlying independent opinion letters issued by the Independent Property Valuer on the subsisting Relevant Lease Transactions; and (iii) nine lease agreements, selected on a random basis from of a total of 34 Independent Leases, covering similar type of lease agreement to the Relevant Lease Transactions, as at the Latest Practicable Date. Based on our review of the above-mentioned documents, we note that: (i) the Independent Property Valuer is of the opinion that the subsisting Relevant Lease Transactions (including but not limited to the rental rates, the duration, the rental payment, the requirements regarding security deposits (if any), termination and other terms and conditions therein) are at arm's length, on normal commercial terms and consistent with normal business practice for contracts of the relevant type and at the prevailing market level when the parties entered into the contracts; and (ii) the rental rates of the subsisting Relevant Lease Transactions are close to the low end, but within the range, of the rental rates under the relevant Independent Leases. In this respect, we further note that the majority of the lease agreements relating to the Relevant Lease Transactions are for use as office, the rental rates of which are broadly similar to the nearby office premises in the vicinity. On the other hand, the majority of the Independent Leases are for use as retail space, which may command higher rental rates. We have discussed with the Independent Property Valuer terms of the subsisting Relevant Lease Transactions and we concur with the view of the Independent Property Valuer as set out above.

We have also compared the terms other than the rental fees (including payment terms and security deposits) of the subsisting Relevant Lease Transactions to the Independent Leases, and note that the terms are generally comparable to those of the Independent Leases.

We are also given to understand that the REIT Manager will seek the opinion of the principal valuer of New Century REIT to assess the terms of the lease transactions to be covered by the 2019 Extended and Modified Waiver, before entering into a new lease agreement, to confirm that the proposed terms are (i) determined in the ordinary and usual course of business of New Century REIT; (ii) on normal arm's length commercial terms and at the then prevailing market level; and (iii) fair and reasonable and in the interests of New Century REIT, the Independent Unitholders as well as the Unitholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The New Annual Caps

Set out below are (i) the historical transaction amounts and the 2016 Extended Annual Caps for the three financial years ended/ending 31 December 2019, and (ii) the New Annual Caps for the three financial years ending 31 December 2022.

	Historical transaction amount			Projected transaction amount		
	RMB million			RMB million		
	For the year ended 31 December 2017	For the year ended 31 December 2018	For the year ending 31 December 2019	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
Subsisting Relevant Lease Transactions	10.7	8.5	2.2 <i>(Note 1)</i>	8.9 <i>(Note 2)</i>	9.2 <i>(Note 2)</i>	9.5 <i>(Note 2)</i>
Buffer	N/A	N/A	N/A	2.3	2.4	2.4
Buffer in %	N/A	N/A	N/A	25%	25%	25%
2016 Extended Annual Caps/New Annual Caps	17.7	18.2	18.8	11.2	11.6	11.9
Utilization rate of the 2016 Extended Annual Caps	60.4%	46.9%	46.2% <i>(Note 3)</i>	N/A	N/A	N/A

Notes:

- For the three-month period from 1 January 2019 to 31 March 2019.
- Being the expected total annual lease receipts from the subsisting Relevant Lease Transactions assuming they will be renewed after 31 December 2019, with a 3% per annum increase in rental rates thereafter.
- For illustration purpose only, the utilization rate is calculated based on (i) the transaction amounts for the three months ended 31 March 2019 and (ii) the pro rated existing annual cap amount.

The historical transactions in 2017 and 2018, and for the three months ended 31 March 2019, represent the lease receipts under the Relevant Lease Transactions. The 2016 Extended Annual Caps for the three financial years ending 31 December 2019 were set with the assumption that, among others, (i) all the Relevant Lease Transactions would be renewed upon expiry and continue to remain in place, and (ii) the Huge Harvest Group would lease certain part of the lease area in the Shanghai Hotel and the Kaifeng Hotel that were covered under the relevant long-term hotel lease and management agreements, as described in the 2016 Circular. Subsequent to the granting of the 2016 Extended Waiver, New Century REIT has disposed of its Shanghai Hotel in the first half of 2017, which in turn reduced the amount of lease receipts arising from the Shanghai Hotel received from the Huge Harvest Group, and there were no new additional leases relating to the Kaifeng Hotel taken up by the Huge Harvest Group in the past three financial years and up to the Latest Practicable Date. As a result, the existing annual caps have not been fully utilized.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the New Annual Caps, we have discussed with the REIT Manager the underlying basis of the New Annual Caps. As stated in the letter to the Unitholders in the Circular, the New Annual Caps have been determined after careful consideration with general reference to historical transaction amounts and anticipated aggregate value of such transactions in the waiver period, taking into account (i) the subsisting Relevant Lease Transactions being renewed and (ii) an annual rental increment of 3%, principally based on the forecast for inflation in the PRC. We consider an annual rental increment of 3% to be reasonable, given that (i) consumer price inflation in the PRC from 2020 to 2024 is expected to be in the range of between approximately 2.5% to 3.0%, according to the World Economic Outlook published by the International Monetary Fund in April 2019 and (ii) such increment is within the general range of annual rental rate increases of approximately nil to 10% pursuant to the subsisting Relevant Lease Transactions and the Independent Leases.

The amount of the New Annual Caps contributed by the subsisting Relevant Lease Transactions

The amount of the New Annual Caps contributed by the subsisting Relevant Lease Transactions is based on the expected total rent to be received pursuant to the subsisting Relevant Lease Transactions, all of which are assumed to be renewed after 31 December 2019.

The buffer

In determining the New Annual Caps, the REIT Manager has applied a buffer of 25% to the estimated lease income for the three financial years ending 31 December 2022. The REIT Manager considers, and we agree, that such buffer allows flexibilities to accommodate (i) any unforeseeable market fluctuations; (ii) the potential leasing of certain areas of the Hotel Properties that are currently leased to Independent Third Parties to the members of the Huge Harvest Group (30 out of 34 Independent Leases as at the Latest Practicable Date, assuming such leases will not be renewed, will expire during the three year ending 31 December 2022); and (iii) the possibility of the entering into new lease transactions with the members of the Huge Harvest Group in respect of hotel properties to be acquired by New Century REIT in the future. We also note that such buffer of 25% is the same as the buffer used to determine the 2016 Extended Annual Caps. We have reviewed and noted that the range of the buffers normally adopted by other REITs listed in Hong Kong for comparable annual caps is from approximately 1% to 30%. Taking into account of the above, we consider the inclusion of a buffer of 25% for the purpose of determining the New Annual Caps to be reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having taken into consideration the above, we consider the New Annual Caps to be fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

5. Extension and modification of the 2016 Extended Waiver and waiver conditions of the 2019 Extended and Modified Waiver

The REIT Manager has applied to the SFC for an extension and modification of the 2016 Extended Waiver such that it will be expanded to cover the lease transactions between New Century REIT Group and associates and associated companies of Huge Harvest, and applies to the three financial years ending 31 December 2022. As part of its submission, the REIT Manager has also proposed the New Annual Caps for the extended period, subject to conditions, including due approval by the Independent Unitholders and adoption of the Ordinary Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps).

The REIT Manager confirms that any transactions to be covered by the 2019 Extended and Modified Waiver will be at arm's length and on normal commercial terms, with reference to the then prevailing market rents. In addition, the REIT Manager confirms that any connected transactions to be covered by the 2019 Extended and Modified Waiver are to be reviewed and approved by the Independent Non-executive Directors.

The 2019 Extended and Modified Waiver will be subject to standard disclosures in interim and annual reports and review by the auditors of New Century REIT and the Independent Non-executive Directors, as more particularly set out in the letter to the Unitholders in the Circular. Any subsequent changes to the New Annual Caps or material changes to the terms of the transactions to be covered by the 2019 Extended and Modified Waiver will require approval of the Independent Unitholders and/or notifications to the SFC.

OPINION AND RECOMMENDATION

Having considered the above reasons and factors, we consider that the subsisting Relevant Lease Transactions as at the Latest Practicable Date are conducted in the ordinary and usual course of business of New Century REIT, consistent with the investment objectives and strategy of New Century REIT, at arm's length and on normal commercial terms, fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole; and that the 2019 Extended and Modified Waiver and the New Annual Caps are fair and reasonable so far as New Century REIT and the Independent Unitholders are concerned and in the interests of New Century REIT and the Independent Unitholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Consequently, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Unitholders to vote in favour of the EGM Resolution to approve the 2019 Extended and Modified Waiver (including the New Annual Caps) at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED
John Wong
Director

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

The REIT Manager and the Directors, collectively and individually, accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS IN UNITS

Interests Held by the REIT Manager and the Directors and Chief Executive of the REIT Manager

The REIT Code requires that connected persons of New Century REIT shall disclose their interests in Units. In addition, under the provisions of the Trust Deed, Part XV of the SFO is also deemed to be applicable, among other things, to the REIT Manager, the Directors and the chief executive of the REIT Manager.

The interests and/or long positions held by the REIT Manager, Directors and chief executive of the REIT Manager in the Units required to be recorded in the register kept by the REIT Manager under Schedule 3 of the Trust Deed are set out below:

Name of the REIT Manager, Director and Chief Executive Officer of the REIT Manager	Nature of the interest	As at the Latest Practicable Date	
		Number of Units held	Approximate % of interest
Jin Wenjie ¹	Beneficial owner	1,679,000(L)	0.17%(L)
Tong JinQuan ²	Interest of corporation controlled by the Director	139,450,000(L)	14.49%(L)
New Century Asset Management Limited ³	Beneficial owner	28,528,898(L)	2.96%(L)
Cheung Yat Ming ⁴	Beneficial owner	588,000(L)	0.06%(L)

Note:

1. Mr. Jin Wenjie is the chairman and a non-executive Director of the REIT Manager.
2. Mr. Tong JinQuan, a non-executive Director of the REIT Manager, holds 100% of the interests in Shanghai Summit Pte. Ltd.. 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.
3. New Century Asset Management Limited is the REIT Manager of New Century REIT. As at the Latest Practicable Date, the REIT Manager beneficially held 28,528,898 Units.
4. Mr. Cheung Yat Ming is the chief executive officer and an executive Director of the REIT Manager.

Save as disclosed above, none of the REIT Manager, Directors and chief executive of the REIT Manager were interested (or deemed to be interested) in the Units, or held any short position in the Units.

Unitholdings of Unitholders of 5% or more interests

The following persons have interests and/or short position in the Units required to be recorded in the register kept by the REIT Manager under Schedule 3 of the Trust Deed:

Long and short positions in the Units:

Name of Significant Unitholders	Nature of the interest	As at the Latest Practicable Date	
		Number of Units held	Approximate % of interest
Standard Chartered Trust (Singapore) Limited ¹	Interest of corporation controlled by substantial shareholder	578,780,062(L)	60.14%(L)
SCTS Capital Pte. Ltd ²	Interest of corporation controlled by substantial shareholder	578,780,062(L)	60.14%(L)
Poppytown Group Limited ³	Interest of corporation controlled by substantial shareholder	578,780,062(L)	60.14%(L)
Huge Harvest ⁴	Beneficial owner and interest of corporation controlled by substantial shareholder	578,780,062(L)	60.14%(L)
Chen Miaolin ⁵	Interest of corporation controlled by substantial shareholder	578,780,062(L)	60.14%(L)
Wealthy Fountain Holding Inc. ⁶	Beneficial owner	139,450,000(L)	14.49%(L)

Name of Significant Unitholders	Nature of the interest	As at the Latest Practicable Date	
		Number of Units held	Approximate % of interest
Shanghai Summit Pte. Ltd. ⁷	Interest of corporation controlled by substantial shareholder	139,450,000(L)	14.49%(L)
Ding An Investments Limited	Beneficial owner	61,311,839(L)	6.37%(L)
Liu Yong Juan ⁸	Interest of corporation controlled by substantial shareholder	61,311,839(L)	6.37%(L)
Success Conquer Global Limited	Beneficial owner	49,026,800(L)	5.09%(L)

(L) = long position

Notes:

- 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 Interests 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 the Latest Practicable Date, 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.

- 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 (whereas the remaining 9.29% and 6.81% are respectively held by Capitilla Worldwide Limited and Litewait Worldwide 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 578,780,062 Units, Huge Harvest International Limited held 28,528,898 Units via New Century Asset Management Limited, representing 2.96% of the Units issued by New Century REIT, as at the Latest Practicable Date.
5. As at the Latest Practicable Date, Mr. Chen Miaolin is 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 (whereas the remaining 9.29% and 6.81% are respectively held by Capitilla Worldwide Limited and Litewait Worldwide 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.
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, the REIT Manager is not aware of any connected persons of New Century REIT, who were interested (or deemed to be interested) in Units as at the Latest Practicable Date.

Save as disclosed above, so far as is known to the Directors or chief executive officers of the REIT Manager:

- (i) none of the Directors and Unitholders with an interest in more than 5% of all Units in issue has an interest, direct or indirect in the 2019 Extended and Modified Waiver and the transactions thereunder;
- (ii) none of the REIT Manager, Directors or chief executives of the REIT Manager had any interests or short positions in the Units or any of its associated corporations (within the meaning of Part XV of the SFO) 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 (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), which the Trust Deed, subject to certain exceptions, deems to apply to the Directors and chief executive of the REIT Manager, the REIT Manager and each Unitholder and all persons claiming through or under them; and

- (iii) no person is interested (or deemed to be interested) in Units or holds any short positions in Units which were required to be disclosed to the REIT Manager and the Stock Exchange pursuant to Divisions 2, 3 and 4 of Part XV of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS, CONTRACTS AND COMPETING BUSINESS

Save as disclosed in this circular and the announcements and circulars issued by New Century REIT from time to time, as at the Latest Practicable Date:

- (i) none of the Directors had any direct or indirect interest in any assets which have been, since the date that the latest published audited accounts of New Century REIT were prepared, acquired or disposed of by (or leased to) or are proposed to be acquired or disposed of by (or leased to) New Century REIT;
- (ii) none of the Directors was materially interested in any contract or arrangement entered into by New Century REIT and subsisting at the date of this circular which was significant in relation to New Century REIT's business;
- (iii) none of the Directors or any of their associates had interests in a business which competes or is likely to compete, either directly or indirectly, with New Century REIT's business;
- (iv) none of the Directors has entered into any service contract with New Century REIT.

4. STATEMENT IN RELATION TO FINANCIAL POSITION

The REIT Manager confirms that, as at the Latest Practicable Date, there had not been any material adverse change in the financial or trading position of New Century REIT since the date that the latest published audited accounts of New Century REIT were prepared.

5. EXPERTS AND CONSENTS

Each of the Independent Financial Adviser and the Independent Property Valuer has given and has not withdrawn its written consent to the inclusion of its name in this circular. Each of the Independent Financial Adviser and the Independent Property Valuer has also given its consent to the inclusion of its name in this circular and/or the "Letter from the Independent Financial Adviser" in this circular and all references thereto, in the form and context in which it is included in this circular.

The following are the qualifications of the experts who have been named in this circular or have given opinion or advice which is contained in this circular.

Somerley Capital Limited	A licensed corporation which is permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
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Savills Valuation and Professional Services Limited	Independent Property Valuer
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As at the Latest Practicable Date, none of the experts had any interest in New Century REIT or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in New Century REIT.

As at the Latest Practicable Date, none of the experts had any interest, direct or indirect, in any assets which since 31 December 2018, the date to which the latest published audited accounts of New Century REIT were prepared, had been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to New Century REIT.

6. MATERIAL CONTRACTS

Save as disclosed in New Century REIT's previous announcements on the Stock Exchange, and save for the documents referred to in paragraph 7 below, New Century REIT has not entered into any other material contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date in this circular.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at no charge during normal business hours at the offices of the REIT Manager from 9:00 a.m. to 5:00 p.m. on Business Days, from the date of this circular, up to and including the date of the EGM:

- (i) the Letter from the Independent Board Committee;
- (ii) the Letter from the Independent Financial Adviser;
- (iii) the written consents referred to in the section headed "Experts and Consents" of Appendix I to this circular; and
- (iv) a copy of this circular.

The Trust Deed will also be available for inspection at the registered office of the REIT Manager for so long as New Century REIT continues to be in existence.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

Managed by
New Century Asset Management Limited

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of the Unitholders (the “**Unitholders**”) of New Century Real Estate Investment Trust (“**New Century REIT**”) will be held at Portion 2, 12/F The Center, 99 Queen’s Road Central, Central, Hong Kong (Conference Room 2-4) on Wednesday, 5 June 2019 at 3:30 p.m. (“**EGM**”) for the purpose of considering and, if thought fit, passing, with or without amendments, the resolution below.

Words and expressions that are not expressly defined in this notice of extraordinary general meeting shall bear the same meaning as that defined in the circular of New Century REIT dated 21 May 2019 (the “**Circular**”).

ORDINARY RESOLUTION

1. “**THAT:**
 - (a) the 2019 Extended and Modified Waiver (including the New Annual Caps) as more particularly set out in the section headed “2019 Extended and Modified Waiver (including the New Annual Caps)” in the Circular be and are hereby approved; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the REIT Manager, any director of the REIT Manager and the Trustee, each be and is hereby severally authorised to complete and do or cause to be done all such acts and things (including executing all such documents as may be required) as the REIT Manager, such director of the REIT Manager, or as the case may be, such duly authorized signatory of the Trustee may consider expedient or necessary or in the interest of New Century REIT to give effect to all matters in relation to the 2019 Extended and Modified Waiver (including the New Annual Caps) generally.”

By order of the Board
New Century Asset Management Limited
as manager of New Century Real Estate Investment Trust
Mr. Jin Wenjie
Chairman of the REIT Manager

Hong Kong, 21 May 2019

Registered Office:

Unit 4706, 47/F, The Center
99 Queen’s Road Central
Hong Kong

Notes:

- (a) A Unitholder entitled to attend and vote at the EGM (or any adjournment thereof) is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. The person appointed to act as a proxy need not be a Unitholder.
- (b) In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited with the unit registrar of New Century REIT, Tricor Investor Services Limited (the “Unit Registrar”) at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed for holding the EGM or adjourned meeting (as case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof, or the poll concerned, should you so wish. In the event that you attend the meeting or adjourned meeting (as the case may be) after having lodged a form of proxy, the form of proxy will be deemed to have been revoked.
- (c) In the case of joint Unitholders, the vote of the Unitholder who is first-named on the register of Unitholders, whether tendered in person or by proxy, shall be acceptable to the exclusion of the votes of the other joint Unitholders and for this purpose seniority shall be determined by the order in which the names stand in the register of Unitholders.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) For the purpose of determining entitlements to attend and vote at the EGM, the register of Unitholders will be closed from Friday, 31 May 2019 to Wednesday, 5 June 2019 (both days inclusive), during which period no transfer of Units will be registered. For those Unitholders who are not already on the register of Unitholders, in order to qualify for attending the meeting (or at any adjournment thereof), all Unit certificates accompanied by the duly completed transfer forms must be lodged with the Unit Registrar for registration not later than 4:30 p.m. on Thursday, 30 May 2019.
- (e) The votes at the meeting will be taken by way of poll. On a poll, every Unitholder who is present in person or by proxy shall have one vote for every Unit of which he is the Unitholder provided such Units are fully paid up.
- (f) A form of the proxy for use at the EGM is sent to Unitholders together with this notice on 21 May 2019. The form of proxy is published on the HKExnews website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and can also be downloaded from New Century REIT's website at www.ncreit.com.

As at the date of this notice, the Executive Director of the REIT Manager is Mr. Cheung Yat Ming, the Non-executive Directors of the REIT Manager are Mr. Jin Wenjie, Mr. Zhang Guanming, Mr. Tong JinQuan and the Independent Non-executive Directors of the REIT Manager are Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin.