THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION, IF IN DOUBT, PLEASE SEEK PROFESSIONAL ADVICE.

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 to the purchaser or transferee or to the bank, licensed dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CIRCULAR TO UNITHOLDERS

MAJOR DISPOSAL IN RELATION TO THE DISPOSAL OF HOLIDAY INN EINDHOVEN

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

A letter to the Unitholders is set out on pages 11 to 35 of this Circular.

4 October 2019

This overview section is qualified in its entirety by, and should be read in conjunction with the full text of this Circular. Words and expressions not defined herein shall have the same meaning as in the main body of this Circular unless otherwise stated. Meanings of defined terms may be found in the ''Definitions'' section of this Circular.

THE DISPOSAL

On 13 September 2019, after trading hours, New Century Europe entered into the Share Purchase Agreement with the Purchasers for the disposal of the entire issued share capital of the Target Company for the Purchase Price to the Purchasers. The Target Company holds the Property (and Holiday Inn Eindhoven). Following the Completion, New Century REIT will cease to hold any interest in New Century Netherlands and hence in Holiday Inn Eindhoven.

The Base Purchase Price has been arrived at on a willing buyer-seller and arm's length basis and with reference to the Appraised Value. The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of 25.2% to the Appraised Value of €31.75 million (equivalent to approximately RMB248.31 million) as appraised by the Independent Property Valuer. In addition, the Base Purchase Price of €39.75 million represents a premium of 54.7% above the base purchase price of €25.70 million paid for the acquisition of Holiday Inn Eindhoven in August 2016.

The Initial Purchase Price is the aggregate of (i) the Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million); *plus* (ii) the Current Assets as at the Completion Date; *minus* (iii) the Liabilities as at the Completion Date.

There shall be no adjustment to the Purchase Price to reflect (i) any deferred tax liability in relation to the latent capital gain of the Target Company, (ii) any deferred tax asset, (iii) potential turnover tax (VAT) in relation to the Disposal; (iv) RETT in relation to the Disposal, and (v) any need or obligation to make any capital expenditure of any nature to Holiday Inn Eindhoven (which will be for the Purchasers' account due to its acceptance of the Property in an ''as is and where is'' state).

According to the terms of the Share Purchase Agreement, the Purchase Price is payable in the following manner: (i) a deposit of €4,000,000 (equivalent to approximately RMB31.28 million) was paid upon signing of the Share Purchase Agreement into the Notary Account; (ii) a portion of the Initial Purchase Price amounting to €1,500,000 shall be paid in full and in cash at Completion by the Purchaser into the Escrow Account, and will be held in the Escrow Account in accordance with an escrow agreement to be entered into with the escrow agent prior to Completion; (iii) the balance of the Initial Purchase Price (that is, having been reduced by the deposit) shall be paid in full and in cash at Completion by the Purchasers to New Century Europe into the Notary Account; and (iv) a further payment, if any, shall be made as and when required pursuant to any post-Completion adjustments.

Provided that all the conditions precedent are satisfied or waived before the Long Stop Date, Completion shall take place on the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing (but not later than the Long Stop Date). Completion is currently expected to take place on or around 28 November 2019. The REIT Manager will make a further announcement in respect of the Disposal on the Completion Date (or, where applicable, if the Share Purchase Agreement is terminated) and also when the Purchase Price has been determined.

REGULATORY IMPLICATIONS

The Base Purchase Price, together with the Expenses, represents approximately: (a) 22.71% of the total market capitalisation of New Century REIT, based on the average closing price of New Century REIT on the Stock Exchange for the five business days immediately preceding the date of the Announcement; and (b) approximately 6.03% of the total assets (less distribution payable) of New Century REIT as at 30 June 2019. The net profit attributable to the Target Company (after deducting all charges except taxation and before minority interests and extraordinary items) represents approximately 39.71% of the total net profit of New Century REIT (after deducting all charges except taxation and before minority interests and extraordinary items) for the year ended 31 December 2018 (as disclosed in the 2018 Annual Report). Accordingly, the Disposal constitutes a major transaction by New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers and their ultimate beneficial owners is an Independent Third Party. Accordingly, the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder do not constitute connected party transactions of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of the Announcement, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval from its controlling Unitholder, Huge Harvest, which directly holds 550,251,164 Units as at the date of the Announcement (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal.

The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

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

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

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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 Unit 4706, 47/F, The Center 99 Queen's Road Central Hong Kong
Directors of the REIT Manager	
Non-executive Directors	Mr. Jin Wenjie *(Chairman)* 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
Legal Advisers to the REIT Manager	*As to Hong Kong law:* Dechert 31/F, Jardine House, One Connaught Place Central Hong Kong *As to Dutch law:* BarentsKrans Lange Voorhout 3 2514 EA The Hague The Netherlands

Legal Advisers to the Trustee	*As to Hong Kong law:* Baker & McKenzie 14th Floor, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Reporting Accountants	PricewaterhouseCoopers 22/F, Prince's Building Central Hong Kong
Unit Registrar	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal Valuer	Cushman & Wakefield Limited 16/F, Jardine House 1 Connaught Place Central Hong Kong

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:

"€"	means Euro, the lawful currency of the Euro Zone
"2016 Annual Report"	means the annual report of New Century REIT for the year ended 31 December 2016
"2017 Annual Report"	means the annual report of New Century REIT for the year ended 31 December 2017
"2018 Annual Report"	means the annual report of New Century REIT for the year ended 31 December 2018
"2019 Interim Report"	means the interim report of New Century REIT for the six months ended 30 June 2019
"ADR"	means average daily rate, which means room revenue (including related service charges and daily breakfast) divided by rooms in use
"Announcement"	means the announcement dated 13 September 2019 issued by the REIT Manager in relation to the Disposal
"Appraised Value"	means €31.75 million (equivalent to approximately RMB248.31 million), being the value of Holiday Inn Eindhoven as at 30 August 2019 as appraised by the Independent Property Valuer
"Base Purchase Price"	means €39.75 million (equivalent to approximately RMB310.87 million)
"Board"	means the board of Directors of the REIT Manager
"Business"	means the ownership and letting of Holiday Inn Eindhoven
"Business Day"	means a day (other than a Saturday or a Sunday or a public holiday) on which banks are open for business in the Netherlands
"Completion"	means completion of the Disposal pursuant to the terms and conditions of the Share Purchase Agreement

"Completion Date"	means the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing but not later than the Long Stop Date. Completion is currently expected to take place on or around 28 November 2019
"connected person"	has the meaning ascribed to it under the REIT Code
"Current Assets"	means the aggregate amount, as shown in the Completion Statement, of all assets of the Target Company as at the Completion Date except any deferred tax assets and Holiday Inn Eindhoven
"Directors"	means the directors of the REIT Manager, and each a "Director"
"Disposal"	means the disposal of the entire issued share capital of New Century Netherlands by New Century Europe pursuant to the terms and conditions set out in the Share Purchase Agreement
"Escrow Account"	means the Notary Account
"Expenses"	means expenses of approximately RMB14.86 million payable by New Century Europe or the REIT Manager in connection with the Disposal, mainly comprising the REIT Manager Fee, Trustee's Additional Fee and professional expenses
"Guarantor"	New Century REIT
"HK$"	means Hong Kong Dollars, the lawful currency of Hong Kong
"Holiday Inn Eindhoven"	means "Holiday Inn Eindhoven" hotel which is operated at the Property
"Hong Kong"	means the Hong Kong Special Administrative region of the PRC

"Huge Harvest"	means Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the BVI on 11 January 2008, with 83.90%, 9.29% and 6.81% of its issued shares beneficially owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively
"Independent Property Valuer"	means Cushman & Wakefield Limited, being the Principal Valuer
"Independent Third Party"	means an independent third party who is not a connected person (within the meaning of Chapter 8 of the REIT Code) of New Century REIT, independent of New Century REIT and its connected persons
"Land Registry"	mean the public registers held by the Dutch Land Registry Office
"Latest Practicable Date"	means 2 October 2019, being the latest practicable date of ascertaining certain information contained in this Circular prior to its publication
"Liabilities"	means the aggregate amount, as shown in the Completion Statement, of all current and long-term liabilities of the Target Company as at the Completion Date, including, for the avoidance of doubt, the Loan Repayment Amounts
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Loans"	means (i) the loans to the Target Company from Spearhead Global Limited as lender under loan agreements dated 30 April 2019 and 22 May 2019 and (ii) the current account payable of the Target Company to New Century REIT Hong Kong I Limited as affiliate of the Target Company
"Loan Repayment Amounts"	means all outstanding amounts (whether or not due and payable) under the Loans as at the Completion Date, including any interest accrued thereon and any fees, costs and expenses and penalties in relation to the (early) repayment thereof

"New Century Europe"	means New Century Europe I S.à.r.l., a private limited liability company, incorporated under the laws of Luxembourg, and registered with the Luxembourgian trade register, which is indirectly wholly-owned and controlled by New Century REIT
"New Century Netherlands" or "Target Company"	means New Century Netherlands I B.V., a private limited liability company, incorporated under the laws of the Netherlands, being the sole owner of Holiday Inn Eindhoven
"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 subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange
"New Century REIT Group"	means New Century REIT and its subsidiaries
"Notary Account"	means the third party account in the name of the escrow agent
"Party(ies)"	means the Purchasers and New Century Europe (as seller)
"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
"Property"	means the plot of land, with the buildings and further appurtenances erected thereon and the thereto related rights by means of horizontal accession, located at Woensel, the Netherlands, locally known as Veldmaarschalk Montgomerylaan 1, 5612 BA Eindhoven, the Netherlands, registered with the Land Registry as municipality of Woensel, section K, numbers 1278 measuring 74 ares and 90 centiares and number 1280 measuring 62 centiares
"Purchase Price"	has the definition ascribed to it under the section headed "The Disposal – Key terms of the Share Purchase Agreement – Purchase Price" in this Circular

"Purchasers"	means, jointly and collectively, Somerset Real Estate VI B.V., Horizons III B.V., Zoutelust B.V. and Caerdydd Beheer B.V., each a private company with limited liability incorporated under Dutch law, each being an Independent Third Party of New Century REIT
"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
"RETT"	means real estate transfer tax pursuant to the Legal Transaction (Taxation) Act
"RevPAR"	means revenue per available room, which is calculated by dividing the total room revenue of hotel (s) (including related service charges and daily breakfast) by the total number of room nights in a given period
"SFC"	means the Securities and Futures Commission of Hong Kong
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified and the rules thereunder
"Share Purchase Agreement"	means the share purchase agreement entered into between the Purchasers and New Century Europe dated 13 September 2019 in respect of the Disposal
"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

"Tax(es)"	means all forms of taxes, levies, duties, imposts, social security charges, health security contributions, any other contributions or charges and withholdings of any nature whatsoever, whether direct or indirect, including without limitation corporate and other income taxes, wage withholding tax, social security contributions, VAT and RETT (in each case including any related fine, penalty, surcharge or interest), whether direct or indirect, and regardless of whether these items are chargeable directly or primarily against or attributable directly or primarily to any other person and of whether any amount in respect of any of them is recoverable from any other person
"Trade Register"	means the trade register of the Dutch chamber of commerce
"Trust Deed"	means the trust deed constituting New Century REIT dated 10 June 2013, entered into between the Trustee and the REIT Manager, as amended by the supplemental trust deed dated 20 June 2013 and the second supplemental trust deed dated 15 June 2015 (as may be further amended and supplemented from time to time)
"Trustee"	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of New Century REIT
"Unit"	means a unit of New Century REIT
"Unitholders"	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
"VAT"	means (i) within the European Union, such Tax as may be levied in accordance with (but subject to derogations from) the Directive 2006/112/EC and (ii) outside the European Union, any Tax levied by reference to added value, sales or consumption
"Written Approval"	means the written approval from the controlling Unitholder of New Century REIT, Huge Harvest, which directly holds 550,251,164 Units as at 13 September 2019 (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal

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.

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.

INDICATIVE TIMETABLE

Event	Date
Target date for Completion of the Disposal	28 November 2019
Target date for receipt of the second tranche of payment of the Purchase Price	28 November 2019
Target date for determining the post-Completion adjustments	Within 40 Business Days after the Completion Date

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

Executive Director
Mr. Cheung Yat Ming

Independent Non-executive Directors
Mr. Angelini Giovanni
Mr. Yu Hon To David
Professor He Jianmin

Registered Office:
Unit 4706, 47/F, The Center
99 Queen's Road Central
Hong Kong

4 October 2019

To: Unitholders of New Century REIT

Dear Sir/Madam,

MAJOR DISPOSAL IN RELATION TO THE DISPOSAL OF HOLIDAY INN EINDHOVEN

1. INTRODUCTION

The purposes of this Circular are to provide you with: (1) further information of, among others, the Disposal; (2) the Valuation Report; (3) the accountant's report in respect of the Target Company; and (4) the recommendation of the Board to the Unitholders on the Disposal as to whether it is fair and reasonable.

Unitholders and potential investors in the Units are advised to exercise caution when dealing in the Units.

2. THE DISPOSAL

Reference is made to the Announcement. On 13 September 2019, after trading hours, New Century Europe entered into the Share Purchase Agreement with the Purchasers for the disposal of the entire issued share capital of the Target Company for the Purchase Price to the Purchasers. The Target Company holds the Property (and Holiday Inn Eindhoven). Following the Completion, New Century REIT will cease to hold any interest in the Target Company and hence in Holiday Inn Eindhoven.

Information on Holiday Inn Eindhoven

The table below sets out certain key information on Holiday Inn Eindhoven:

General description	Holiday Inn Eindhoven is a 4-star hotel situated in Eindhoven, the Netherlands.
Location	Veldmaarschalk Montgomerylaan 1, 5612 BA, Eindhoven, the Netherlands
Total gross floor area	Approximately 11,675 sqm
Number of rooms	207 guest rooms
Number of storeys	11
Number of car park spaces	145
Other facilities	A basement with a mini-gym, management offices and back-of houses areas of 978 sqm, seven meeting rooms of over 504 sqm, a restaurant of 180 sqm (with a maximum seating capacity of 90) and bar of 110 sqm (with a maximum seating capacity of 60), an indoor swimming pool of 72 sqm and a business centre
Year of completion of building construction	1973
Year of last renovation	2009

Average occupancy rate for the Lessee in 2018 and for the six months ended 30 June 2019	79.9%; 79.3%
ADR in 2018 and for the six months ended 30 June 2019	€86.4; €87.7
RevPAR in 2018 and for the six months ended 30 June 2019	€69.0; €69.6
Base purchase price paid for the acquisition in 2016 by the New Century REIT Group	Approximately €25.70 million (equivalent to approximately RMB200.99 million)
Purchase price paid for the acquisition in 2016 by the New Century REIT Group	Approximately €4.44 million (equivalent to approximately RMB34.72 million) (after post-completion adjustments)
Date of completion of the acquisition in 2016	9 August 2016
Appraised Value	The appraised value of Holiday Inn Eindhoven as assessed by the Independent Property Valuer as at 30 August 2019 was €31.75 million (equivalent to approximately RMB248.31 million).
Book value	The unaudited book value of Holiday Inn Eindhoven as at 30 June 2019 was €31.75 million (equivalent to approximately RMB248.31 million).
Total rental income received by the New Century REIT Group	For the period from 9 August 2016 to 31 December 2016: €0.79 million For the year ended 31 December 2017: €1.98 million For the year ended 31 December 2018: €2.01 million For the six months ended 30 June 2019: €1.02 million

Current lease

Hotel lease agreement

Holiday Inn Eindhoven (excluding other areas currently leased to Independent Third Party lessees) is currently leased to Eden Eindhoven Hotel Exploitatie II B.V (the "**Lessee**") for a term of 25 years commencing from 22 March 2012 and an option to renew for another two five-year terms at the Lessee's discretion and thereafter, for an indefinite period of time provided that the lease has not been terminated according to its terms. The current lease will continue after Completion, and the Target Company will continue to be the lessor.

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

Other lease agreements

Certain other areas on the rooftop of the Property are currently leased to three Independent Third Party lessees for a term of (i) 15 years (with a remaining term of approximately 10 years); (ii) 25 years (with a remaining term of approximately four years); and (iii) 15 years (with a remaining term of approximately 10 years), respectively.

The current leases will continue after Completion, and the Target Company will continue to be the lessor.

Key terms of the Share Purchase Agreement

The Share Purchase Agreement sets out the terms of the Disposal, with the key terms being summarized below. The REIT Manager confirms that there have been no changes to the terms of the Share Purchase Agreement as set out in the Announcement:

Date:	13 September 2019
Parties:	(1) New Century Europe, a private company with limited liability incorporated under Luxembourg law, which is indirectly wholly-owned and controlled by New Century REIT, as seller; (2) The Purchasers, each a private company with limited liability incorporated under Dutch law, as purchasers; (3) the REIT Manager (which is entering into the Share Purchase Agreement in its capacity as manager of New Century REIT (being the guarantor under the Share Purchase Agreement)); and (4) the Trustee (which is entering into the Share Purchase Agreement in its capacity as trustee of New Century REIT (being the guarantor under the Share Purchase Agreement)).
Subject matter of the Disposal:	Pursuant to the Share Purchase Agreement, the Parties agreed to transfer the entire issued share capital of the Target Company.
Purchase Price:	The Purchase Price shall be: (i) the Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million); plus (ii) the Current Assets as at the Completion Date; minus (iii) the Liabilities as at the Completion Date.

Taking into account that the Liabilities also include the Loans, the REIT Manager is of the view that the abovementioned Purchase Price adjustments will not have a material financial impact on New Century REIT at the group level.

The Purchase Price has been arrived at on a willing buyer-seller and arm's length basis and with reference to the Appraised Value.

The Purchase Price is payable in the following manner:

(a) a deposit of €4,000,000 (equivalent to approximately RMB31.28 million) was paid upon signing of the Share Purchase Agreement into the Notary Account;

(b) a portion of the Initial Purchase Price amounting to €1,500,000 million shall be paid in full and in cash at Completion by the Purchaser into the Escrow Account, and will be held in the Escrow Account in accordance with an escrow agreement to be entered into with the escrow agent prior to Completion;

(c) the balance of the Initial Purchase Price (that is, having been reduced by the deposit) shall be paid in full and in cash at Completion by the Purchasers to New Century Europe into the Notary Account; and

(d) a further payment, if any, shall be made as and when required pursuant to any post-Completion adjustments.

Initial determination of the Purchase Price:	New Century Europe shall provide the Purchasers with a written notice setting out its good faith best estimate of the Current Assets and Liabilities at Completion and its calculations of each estimate, together with the relevant supporting documents, by no later than 10 Business Days prior to the date on which Completion is envisaged to take place. The Initial Purchase Price payable at Completion will be based on such estimates.
Post-Completion adjustments:	The Purchasers shall within 40 Business Days after the Completion Date provide New Century Europe with a written statement setting out the Current Assets and Liabilities at Completion calculated in conformity with the Accounting Principles (the "**Completion Statement**") and the underlying calculations. The Completion Statement shall be binding on the Parties, unless New Century Europe notifies the Purchasers within 20 Business Days after receipt thereof if it disputes the Completion Statement and the basis upon which it disputes such items, including the adjustments it reasonably believes should be made to the Current Assets and/or Liabilities and the basis therefor, providing sufficient detail so as to enable the Purchasers to assess the proposed adjustments (the "**Completion Statement Disagreement Notice**"). Following receipt of the Completion Statement Disagreement Notice (if any), the Parties shall, in good faith, attempt to reach agreement on all disputed items within 20 Business Days after such notification. If the Parties fail to resolve the items still in dispute within 20 Business Days, the Current Assets and Liabilities at Completion shall be subject to audit by an independent expert (being an accountancy firm), who shall be jointly appointed and instructed by the Parties.

Within five Business Days after the Current Assets and Liabilities at Completion having been finally agreed or determined between New Century Europe and the Purchasers:

(i) the Purchasers shall ensure that the amount, if any, by which the Purchase Price calculated on the basis of the actual Current Assets and Liabilities at Completion exceeds the Initial Purchase Price calculated on the basis of the pre-Completion estimates of the Current Assets and Liabilities is paid to New Century Europe; and

(ii) New Century Europe shall ensure that the amount, if any, by which the Initial Purchase Price calculated on the basis of the pre-Completion estimates of the Current Assets and Liabilities at Completion exceeds the Purchase Price calculated on the basis of the actual Current Assets and Liabilities at Completion is paid to the Purchasers;

in either case increased by an amount of interest thereon at the interest rate of 5% per annum, which shall accrue from day to day from the Completion Date up to the date of actual payment.

Conditions precedent: Completion shall be subject to the following conditions precedent being satisfied (or waived by the Purchasers) by 28 November 2019 or such later date as the Parties may agree in writing (the "**Long Stop Date"**):

(i) New Century Europe having published the adopted, and insofar as legally required, audited annual accounts of the Target Company for the year of 2018 at the Trade Register. New Century Europe shall inform the Purchasers as soon as reasonably possible of the satisfaction of such condition precedent to the satisfaction of the Purchasers;

(ii) New Century Europe having provided the Purchasers with written evidence, to the satisfaction of the Purchasers, of:

(a) any agreements between New Century REIT Group and Citco Nederland B.V. (being the Target Company's service provider of corporate administrative services) relating to the Target Company having been terminated as per Completion, without any obligation (such as payment of any termination fees or penalties) having been imposed on the Target Company; and

(b) the property management agreement with respect to the Property between the REIT Manager and Savills Asset & Property Management B.V. dated 8 January 2016 having been terminated as per Completion, without any obligation (such as payment of any termination fees or penalties) having been imposed on the Company.

As a result of termination of the agreement with Citco Nederland B.V., New Century REIT Group is required to make a payment in the sum of approximately €3,000 as payment in lieu of notice for early termination. The REIT Manager is of the view that the financial impact arising from such fee is expected to be minimal.

The REIT Manager confirms that there are no consequences or breaches that are anticipated to arise or be committed as a result (whether directly or indirectly) of the termination of the property management agreement.

Preliminary preferential right under the Municipalities Preferential Rights Act:

Pursuant to the Municipalities Preferential Rights Act, any transfer of property (or transfer of shares in special purpose vehicles which wholly-own real estate):

(i) the present use of which deviates from (a) intended purpose of the property, or (b) proposed new use of the property based on the relevant authorities' new zoning plans; and

(ii) which has been designated by the relevant authorities,

shall be subject to a preliminary preferential right exercisable by the municipality, the province or the State of the Netherlands.

The REIT Manager confirms that the Property is currently in conformity with its intended use based on current zoning plans. Furthermore, the Target Company has not received any notification from the relevant authorities, that (i) the relevant authorities have proposed new zoning plans or intend to change the purpose of the Property; or (ii) the Property has been included in any designation as referred to in the Municipalities Preferential Rights Act. As such, the REIT Manager is of the view that the risk of the Disposal being subject to such preferential right is low.

In the event that the relevant authorities (i) propose new zoning plans or notify the Target Company of their intention to change the purpose of the Property; and (ii) include the Property in a designation as referred to in the Municipalities Preferential Rights Act, both prior to Completion, New Century Europe shall be under an obligation to offer the Property for sale to the municipality, the province or the State of the Netherlands pursuant to the Municipalities Preferential Rights Act. As a result, New Century Europe would not be allowed to transfer the shares of the Target Company to the Purchasers on the Completion Date. In such event, the Share Purchase Agreement would be terminated, and none of the Parties shall be liable to pay any form of cost or compensation to the other Parties, and no Party will be obligated to consummate the Transaction or to continue negotiations. If the two conditions as mentioned in this paragraph above are not triggered prior to Completion, New Century Europe shall not be under an obligation to offer the Property for sale to the relevant authority pursuant to the Municipalities Preferential Rights Act, and the Property shall not be subject to a preliminary preferential right exercisable by the relevant authority. Under such circumstances, the Disposal and Completion shall proceed in accordance with the Share Purchase Agreement.

In the event that the relevant authority is willing to purchase the Property, the relevant authority and the Target Company (being the holder of the Property) will enter into negotiations. Where the relevant authority and the Target Company are unable to agree on the consideration, the consideration for transfer shall be determined by (an) independent expert(s) as appointed by a judge. Nonetheless, New Century REIT Group shall not be bound to sell the Property (or the Target Company) to the relevant authority based on such consideration, but any future proposed transfer of the Property (or the Target Company) shall be subject to such preliminary preferential right exercisable by the relevant authorities as long as the Property is still encumbered with such right.

No warranty as to the fitness of Holiday Inn Eindhoven: The Purchasers have agreed to accept the Property on an "as is and where is" basis on the Completion Date, which means, among others, (i) the Purchasers accept the Property in the legal, technical, environmental and commercial condition that it is in with all, legal and physical, known and unknown, visible and invisible defects, encumbrances, limitations and restrictions and with the actual use that exists at Completion; and (ii) New Century Europe shall not be required to provide and shall not be deemed to have provided any representation or warranty in respect of any aspect of the Property, the Business or the shares of the Target Company, other than the warranties as set out in the Share Purchase Agreement.

Expected date of Completion:	Provided that all the conditions precedent are satisfied or waived before the Long Stop Date, Completion shall take place on the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing but not later than the Long Stop Date. Completion is currently expected to take place on or around 28 November 2019.
Guarantee:	Under the Share Purchase Agreement, the Guarantor has: (i) guaranteed, as principal obligor and not ancillary or collateral to any other right or obligation under the Share Purchase Agreement or otherwise – to the Purchasers the full and proper performance of the obligations and liabilities of New Century Europe arising from the Share Purchase Agreement; (ii) undertaken with the Purchasers that whenever New Century Europe does not pay any amount when due under the Share Purchase Agreement, the Guarantor shall immediately on first demand pay that amount as if it was the principal obligor; and

(iii) undertaken with the Purchasers to indemnify the Purchasers immediately on demand against any losses and damages suffered by the Purchasers (i) in consequence of New Century Europe's failure to perform any of its obligations under the Share Purchase Agreement; or (ii) if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal.

The REIT Manager confirms the guarantee is provided to cater for the contingent liabilities of the Target Company at Completion, which may be unknown to the Purchasers, which may or may not crystalize in future. As such, the REIT Manager is of the view that the guarantee provided by New Century REIT is on normal commercial terms and fair and reasonable, and taking into account the other provisions of the Share Purchase Agreement, the Share Purchase Agreement as a whole sufficiently protects the interest of New Century REIT and the Unitholders as a whole.

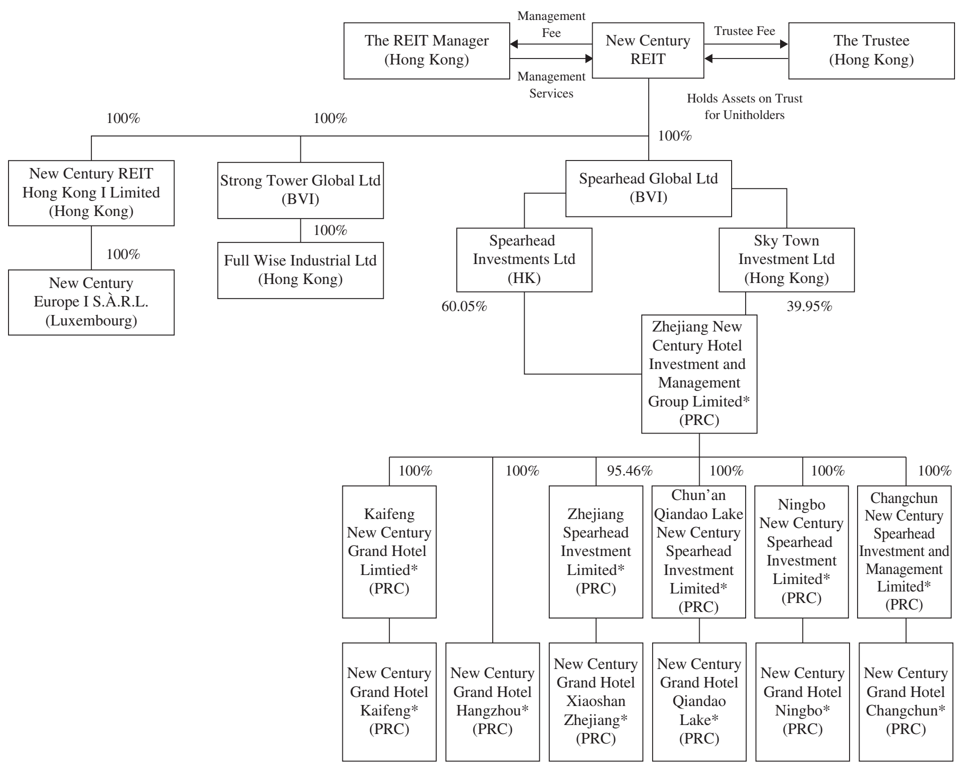
Other terms: The Share Purchase Agreement contains representations, warranties, undertakings and other provisions in customary terms for transactions of this nature and scale. The REIT Manager is satisfied that such provisions sufficiently protect the interest of New Century REIT and the Unitholders as a whole in respect of potential claims.

The Purchasers may assign its rights and transfer its obligations under the Share Purchase Agreement to any of its affiliates or a purchaser of the Target Company, and New Century Europe irrevocably granted its consent, in advance, to the Purchasers for purposes of such assignment (or transfer). Any assignee (or transferee) may itself make an assignment (or transfer) as if it were the Purchaser under the Share Purchase Agreement, whereas the Purchasers shall remain jointly and severally liable for the performance of the Share Purchase Agreement. For the avoidance of doubt, the Purchasers and the assignee (or transferee) shall not assign their rights and transfer their obligations under the Share Purchase Agreement to any connected person of New Century REIT Group.

Any RETT due as a result of or in connection with the disposal of the Target Company and as calculated in accordance with the Legal Transaction (Taxation) Act, shall be borne by the Purchasers, and there shall be no adjustment to the Purchase Price.

There shall be no adjustment to the Purchase Price to reflect (i) any deferred tax liability in relation to the latent capital gain of the Target Company, (ii) any deferred tax asset, (iii) potential turnover tax (VAT) in relation to the Disposal; (iv) RETT in relation to the Disposal, and (v) any need or obligation to make any capital expenditure of any nature to the Property (which will be for the Purchasers' account due to its acceptance of the Property in an "as is and where is" state).

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



* *The English name is shown for identification purposes only.*

3. INFORMATION ON NEW CENTURY REIT, NEW CENTURY EUROPE, NEW CENTURY NETHERLANDS AND THE PURCHASERS

New Century REIT is 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.

New Century Europe is a private limited liability company, incorporated under the laws of Luxembourg and registered with the Luxembourgian trade register, which is indirectly wholly-owned and controlled by New Century REIT. New Century Europe is not currently engaged in any other business other than the holding of New Century Netherlands.

New Century Netherlands is a private limited liability company, incorporated under Dutch Law, which is indirectly wholly-owned and controlled by New Century REIT. New Century Netherlands is not currently engaged in any other business other than the leasing and holding of Holiday Inn Eindhoven.

Each of the Purchasers is a private limited liability company, incorporated under Dutch Law, and is each (i) a group company within the same corporate group and (ii) an active investor in real estate and global financial markets. Each of the Purchasers and their ultimate beneficial owners are Independent Third Parties of New Century REIT.

4. FEES AND CHARGES

On Completion, the REIT Manager will be entitled, under the Trust Deed, to receive a divestment fee of €198,750 (equivalent to approximately RMB1.55 million) ("**REIT Manager Fee**") which is equal to 0.5% of the Base Purchase Price and shall be paid to the REIT Manager in cash.

Also, pursuant to the Trust Deed, the Trustee is entitled to charge additional fees for duties undertaken by the Trustee which are of an exceptional nature or otherwise outside the scope of the Trustee's normal duties in the ordinary course of New Century REIT's normal day-to-day business operations. The Trustee has agreed with the REIT Manager that it will charge New Century REIT a one-time additional fee based on the time and costs incurred by it for duties undertaken by the Trustee in connection with the Disposal, with such additional fee expected to be HK$80,000 ("**Trustee's Additional Fee**").

5. FINANCIAL INFORMATION ON THE DISPOSED GROUP

Following Completion, New Century REIT will cease to hold any interest (i) in New Century Netherlands and hence (ii) in the Property and Holiday Inn Eindhoven. The net profit of New Century Netherlands for the two years ended 31 December 2017 and 2018, respectively, was as follows:

	For the year ended 31 December 2017 *€ (million)*	**Approximate % of New Century REIT**	**For the year ended 31 December 2018** *€ (million)*	**Approximate % of New Century REIT**
Net profit before tax	0.8	4.0	5.1	39.7
Net profit after tax	0.6	6.4	3.9	143.7
Total assets	28.8	4.1	34.0	4.7

6. FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

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. The REIT Manager also does not expect the Disposal to have any material adverse impact on the financial position of New Century REIT as compared to that as at 30 June 2019 (as disclosed in the 2019 Interim Report).

Expected gain or loss on the Disposal

As at 30 August 2019, Holiday Inn Eindhoven, based on existing use, had an Appraised Value of €31.75 million (equivalent to approximately RMB248.31) million, as appraised by the Independent Property Valuer. The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of 25.2% to the Appraised Value. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gain on the Disposal, based on the difference between the Purchase Price and net assets of the Target Company and before tax and expense, would be approximately RMB83.31 million, subject to finalisation of the management accounts of the Target Company. In addition, the Base Purchase Price of €39.75 million represents a premium of 54.7% above the base purchase price of €25.70 million paid for the acquisition of Holiday Inn Eindhoven in August 2016. To the best knowledge, information and belief of the Directors, based on current information available on the Target Company, apart from the normal operating results of the Target Company up to the expected Completion Date, there will be no other significant impact on the estimated figure of gain on the Disposal. The Disposal is not expected to have any material adverse impact on the financial position of New Century REIT as compared to that as at 30 June 2019 (as disclosed in the 2019 Interim Report).

Earnings

Subject to the finalization of financial statements of the Target Company at Completion, the estimated gain on the Disposal (after taking into account the payment of Expenses) will be recognized as other gains which will have an overall positive impact on the earnings of New Century REIT Group.

Assets and liabilities

Subject to the finalization of financial statements of the Target Company at Completion, the REIT Manager estimates that the total assets and total liabilities of New Century REIT Group will increase by approximately RMB45.15 million and decrease by approximately RMB23.19 million respectively, whereas the net assets attributable to Unitholders will increase by approximately RMB68.33 million (on a pro forma basis, as if the Disposal was completed on 30 June 2019).

Impact of the Disposal on the unitholding structure of New Century REIT

There will be no impact on the unitholding structure of New Century REIT as a result of the Disposal.

Intended use of proceeds

The proceeds from the Disposal (which are expected to be approximately €37.8 million (equivalent to approximately RMB295.9 million) after deducting Expenses) are expected to be used for general working capital of New Century REIT and/or funding for future investment opportunities generally.

Impact on gearing ratio

The Base Purchase Price is higher than the Appraised Value of Holiday Inn Eindhoven. As at 31 December 2018 and 30 June 2019, the gearing ratio of New Century REIT was 39.4% and 37.7% respectively. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gearing ratio of New Century REIT would be 37.4% as at 30 June 2019.

7. FINANCIAL AND TRADING PROSPECTS OF THE NEW CENTURY REIT GROUP

New Century REIT is a Hong Kong collective investment scheme authorized under section 104 of the SFO and the Units of which are listed on the Main Board. New Century REIT owns an investment portfolio of hotel properties in China following the Disposal.

Business review

As disclosed in New Century REIT's interim report for the six months ended 30 June 2019, total revenue and profit attributable to Unitholders of New Century REIT for the first half of 2019 were RMB128 million (2018: RMB136 million) and RMB8 million (2018: RMB27 million) respectively. The adjusted distributable income for the six months ended 30 June 2019 was RMB38 million (2018: loss RMB5 million). Excluding the impact of the non-recurring accumulated realised exchange losses on repayment of bank borrowings and accumulated realised fair value losses upon settlement of derivative financial instruments, the adjusted distributable income for the six months ended 30 June 2019 reduced by approximately RMB6 million. The total distribution per Unit for the six months ended 30 June 2019 was RMB0.0350 or equivalent to HKD0.0390 (2018: RMB0.0522 or equivalent to HKD0.0597 representing special distribution per Unit), based on a payout ratio of 90% for 2019 (2018: not applicable). The annualised distribution yield was 4.6% based on the closing market price of the Units of HKD1.70 on 28 June 2019.

Thanks to the slower but relatively healthy economic growth in China and improving experiences and services provided by market players, the economic potential of China's domestic cultural and tourism market is constantly being released. In the first half of 2019, the estimated number of domestic tourists amounted to 3.08 billion and the tourism income was estimated at RMB2.78 trillion, up 8.8% year-on-year ("**YoY**") and 13.5% YoY respectively. During the six months ended 30 June 2019, New Century REIT's unique high base rent income structure continued to demonstrate the downside protection to its Unitholders, who received a stable distribution amid the unstable global economic environment.

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

Outlook

While global economic and political environments remain volatile, China still has numerous administrative and fiscal tools for sustaining its economic growth. The REIT Manager continues to believe more favorable policies will be introduced in China to convert itself into a more consumption driven economy. All these should indirectly benefit the hotel and tourism industries in China. Uncertain outcomes from the lengthy US-China trade dispute and Brexit may lead to a slowdown in economic momentum globally especially among well developed countries and then weigh on corporate and leisure travel. However, New Century REIT's hotel properties should continue to offer high cash yield in addition to solid downside protection.

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

As disclosed in the section headed "Reasons for and Benefits of the Disposal" in this Circular, the Board considers that it is a good opportunity to realise part of New Century REIT's investment portfolio and improve its working capital for other potential future investments with higher growth potential, as and when such opportunity arises. Following the disposal of Holiday Inn Eindhoven, the REIT Manager will continue to look for growth opportunities through acquisitions from the New Century Tourism Group or third-party sources globally. Overseas investment opportunities remain available for high-quality and upscale hotels and various asset types including commercial buildings with long-term stable income streams. Potential acquisitions will be funded with internal resources, debt facilities, and/or proceeds from equity issuances.

8. REASONS FOR AND BENEFITS OF THE DISPOSAL

The REIT Manager had received various interested parties' offers to acquire Holiday Inn Eindhoven from time to time. After careful considerations, although the REIT Manager was of the view that the acquisition of Holiday Inn Eindhoven in 2016 was in the best interests of New Century REIT and its Unitholders as a whole, due to changing market conditions, the REIT Manager believes that the Disposal is in the best interests of New Century REIT and its Unitholders as a whole as the Disposal, and its key benefits are as follows:

The Disposal is consistent with New Century REIT's investment objectives and strategies

The Base Purchase Price of €39.75 million (equivalent to approximately RMB310.87 million) represents a premium of (i) 25.2% to the Appraised Value of €31.75 million (equivalent to approximately RMB248.31 million) and (ii) 54.7% above the €25.70 million (equivalent to approximately RMB200.99 million) paid by the New Century REIT Group for the acquisition of Holiday Inn Eindhoven in 2016. The Disposal is in line with the REIT Manager's strategy to improve operational performance and efficiency of New Century REIT's portfolio, by recycling its capital for higher yielding assets, and its investment mandate to enhance returns to Unitholders and improve potential opportunities for future income and capital growth. The Board considered it is a good opportunity to realise part of New Century REIT's investment portfolio and improve its working capital for other potential future investments with higher growth potential, as and when such opportunity arises.

Lowering of New Century REIT's gearing ratio and improvement in cash flow

Furthermore, as at 31 December 2018 and 30 June 2019, the gearing ratio of New Century REIT was 39.4% and 37.7% respectively. On a pro forma basis, as if the Disposal was completed on 30 June 2019, the gearing ratio of New Century REIT would be 37.4% as at 30 June 2019. The Disposal will also generate proceeds expected to be in the amount of approximately €37.8 million (equivalent to approximately RMB295.9 million), which will improve the cash flow of New Century REIT, and the REIT Manager intends to use such proceeds towards general working capital of New Century REIT and/or funding for future investment opportunities generally.

Performance of Holiday Inn Eindhoven

In view of strong and increasing competition from other hotels in Eindhoven, the Netherlands, including among others, Park Plaza Eindhoven, Pullman Eindhoven Cocagne and NH Collection Eindhoven Centre and the relative old age of Holiday Inn Eindhoven, the Board considered that further performance and capital valuation upside may be limited, and as such the Disposal will generate proceeds to enable the REIT Manager to explore opportunities with respect to other potential future investments with higher growth potential.

9. OPINION OF THE BOARD

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

10. OPINION OF THE TRUSTEE

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

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

11. IMPLICATIONS OF THE DISPOSAL UNDER THE REIT CODE, THE TRUST DEED AND THE LISTING RULES

The Base Purchase Price, together with the Expenses, represents approximately: (a) 22.71% of the total market capitalisation of New Century REIT, based on the average closing price of New Century REIT on the Stock Exchange for the five business days immediately preceding the date of the Announcement; and (b) approximately 6.03% of the total assets (less distribution payable) of New Century REIT as at 30 June 2019. The net profit attributable to the Target Company (after deducting all charges except taxation and before minority interests and extraordinary items) represents approximately 39.71% of the total net profit of New Century REIT (after deducting all charges except taxation and before minority interests and extraordinary items) for the year ended 31 December 2018 (as disclosed in the 2018 Annual Report). Accordingly, the Disposal constitutes a major transaction by New Century REIT pursuant to the Listing Rules (as if they were applicable to New Century REIT).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of the Purchasers and their ultimate beneficial owners is an Independent Third Party. Accordingly, the Disposal, the entering into by New Century Europe and the Guarantor of the Share Purchase Agreement and the transactions contemplated thereunder do not constitute connected party transactions of New Century REIT under the REIT Code.

In addition, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, as at the date of the Announcement and the Latest Practicable Date, no Unitholder would be required to abstain from voting if a general meeting of New Century REIT was convened for approving the Disposal. Accordingly, New Century REIT has obtained a written approval on 13 September 2019 from its controlling Unitholder, Huge Harvest, which directly held 550,251,164 Units as at 13 September 2019 (representing approximately 56.91% of the voting rights of New Century REIT), to approve the Disposal. As at the Latest Practicable Date, Huge Harvest directly held 550,251,164 Units (representing approximately 56.65% of the voting rights of New Century REIT). The legal advisers to the REIT Manager as to Hong Kong laws, Dechert, has advised the REIT Manager that acceptance of the Written Approval in lieu of general meeting to approve the Disposal is in compliance with the Trust Deed, the REIT Code and the Listing Rules (as if they were applicable to New Century REIT). Pursuant to Rule 14.44 of the Listing Rules (as if they were applicable to New Century REIT), such written approval can be accepted in lieu of a general meeting for the approval of the Disposal. Accordingly, the acceptance of the Written Approval in lieu of general meeting to approve the Disposal would not and should not have any impact on the REIT Manager's ability to uphold good corporate governance principles and best industry standards.

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

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

12. FURTHER ANNOUNCEMENT

Provided that all the conditions precedent are satisfied or waived before the Long Stop Date, Completion shall take place on the 10th Business Day after the date on which each of the conditions precedent are satisfied or waived in accordance with the Share Purchase Agreement, or such other date as New Century Europe and the Purchasers may agree in writing (but not later than the Long Stop Date). Completion is currently expected to take place on or around 28 November 2019. The REIT Manager will make a further announcement in respect of the Disposal on the Completion Date (or, where applicable, if the Share Purchase Agreement is terminated) and also when the Purchase Price has been determined.

13. UNITHOLDERS' COMMUNICATION POLICY

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

New Century Asset Management Limited
Address: Unit 4706, 47th Floor, The Center, 99 Queen's Road Central, Hong Kong
Phone: (852) 2153-3588
Fax: (852) 3488-6403
Email: ir@ncreit.com
Office hours: Monday to Friday 9:00 a.m. to 5:00 p.m.

14. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Circular.

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

The financial information of New Century REIT for the past three financial years has been published in its annual reports as follows:

(1) the financial information of New Century REIT for the six months ended 30 June 2019 is disclosed in the 2019 Interim Report published on 29 August 2019, from pages 24 to 58.

Please see below quick link to the 2019 Interim Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0829/ltn20190829456.pdf;

(2) the financial information of New Century REIT for the year ended 31 December 2018 is disclosed in the 2018 Annual Report published on 29 April 2019, from pages 123 to 185.

Please see below quick link to the 2018 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0429/ltn20190429611.pdf;

(3) the financial information of New Century REIT for the year ended 31 December 2017 is disclosed in the 2017 Annual Report published on 27 April 2018, from pages 138 to 217.

Please see below quick link to the 2017 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn20180427622.pdf;

(4) the financial information of New Century REIT for the year ended 31 December 2016 is disclosed in the 2016 Annual Report published on 27 April 2017, from pages 136 to 205.

Please see below quick link to the 2016 Annual Report:

https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0427/ltn20170427961.pdf;

The 2019 Interim Report, 2018 Annual Report, the 2017 Annual Report and the 2016 Annual Report have been published on the website of the Stock Exchange (http://www.hkexnews.hk) and the website of New Century REIT (http://www.ncreit.com).

The following is the text of a report set out on pages II-1 to II-3, received from the New Century Real Estate Investment Trust's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular. It is prepared and addressed to the directors of New Century Asset Management Limited (as the "REIT Manager" of New Century Real Estate Investment Trust) with reference to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NEW CENTURY ASSET MANAGEMENT LIMITED (AS THE MANAGER OF NEW CENTURY REAL ESTATE INVESTMENT TRUST)

Introduction

We report on the historical financial information of New Century Netherlands I B.V. (the "Disposal Company") set out on pages II-4 to II-50, which comprises the balance sheets as at 31 December 2016, 2017 and 2018 and 30 June 2019, and the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-4 to II-50 forms an integral part of this report, which has been prepared for inclusion in the circular of New Century Real Estate Investment Trust (the "New Century REIT") dated 4 October 2019 (the "Circular") in connection with the proposed disposal of the Disposal Company by New Century REIT.

Directors' responsibility for the Historical Financial Information

The directors of New Century Asset Management Limited (the "REIT Manager") are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Disposal Company as at 31 December 2016, 2017 and 2018 and 30 June 2019 and of its financial performance and its cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Disposal Company which comprises the statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the REIT Manager are responsible for preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the International Auditing and Assurance Standards Board ("IAASB"). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page II-4 as were considered necessary.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

4 October 2019

I HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL COMPANY

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The Historical Financial Information in this report was prepared by the directors of New Century Asset Management Limited (the ''REIT Manager'') based on the previously issued financial statements and management accounts of the Disposal Company for the Track Record Period prepared under International Financial Reporting Standards (''IFRS'') (''Historical Financial Statements''). The previously issued financial statements for the years ended 31 December 2016, 2017 and 2018 were audited by PricewaterhouseCoopers Zhong Tian LLP in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (''IAASB'').

The Historical Financial Information is presented in Euro (''EUR'') except when otherwise indicated.

Statements of comprehensive income

		Year ended 31 December			Six months ended 30 June	
	Note	**2016**	**2017**	**2018**	**2018**	**2019**
					(Unaudited)	
Revenue	*5*	1,981,320	1,983,342	2,011,066	1,005,511	1,024,587
Operating expenses	*6*	(566,955)	(296,341)	(328,177)	(145,162)	(184,438)
Other gains/(losses) – net	*7*	28,632	10,254	709	3,208	(5,807)
Changes in fair value of the investment property	*10*	370,000	250,000	4,620,000	1,850,000	10,000
Operating profit		1,812,997	1,947,255	6,303,598	2,713,557	844,342
Finance costs – net	*8*	(1,135,074)	(1,154,762)	(1,165,102)	(574,118)	(641,489)
Profit before taxation		677,923	792,493	5,138,496	2,139,439	202,853
Income tax expenses	*9*	(143,833)	(161,397)	(1,268,551)	(518,786)	(50,713)
Profit for the year/period		534,090	631,096	3,869,945	1,620,653	152,140
Other comprehensive income		–	–	–	–	–
Total comprehensive income for the year/period		534,090	631,096	3,869,945	1,620,653	152,140

Balance sheets

	Note	As at 31 December 2016	2017	2018	As at 30 June 2019
Non-current assets					
Investment property	*10*	26,870,000	27,120,000	31,740,000	31,750,000
Current assets					
Trade and other receivables and prepayments	*11*	28,567	27,575	40,976	55,911
Restricted cash	*12*	–	–	250,000	–
Cash and cash equivalents	*12*	914,746	1,641,881	1,999,061	919,987
		943,313	1,669,456	2,290,037	975,898
Total assets		27,813,313	28,789,456	34,030,037	32,725,898
Current liabilities					
Other payables	*13*	201,475	173,070	370,064	324,698
Amounts due to related parties	*20(c)*	157,646	363,055	254,414	319,032
Derivative financial instruments	*14*	33,912	14,341	1,020	–
		393,033	550,466	625,498	643,730
Non-current liabilities					
Borrowings	*15*	14,446,954	14,473,171	14,500,224	–
Borrowings due to related parties	*20(c)*	7,000,000	7,000,000	7,000,000	19,975,000
Deferred income tax liabilities	*16*	1,160,615	1,322,012	2,590,563	2,641,276
		22,607,569	22,795,183	24,090,787	22,616,276
Total liabilities		23,000,602	23,345,649	24,716,285	23,260,006
Equity					
Share capital and share premium	*17*	1,570,567	1,570,567	1,570,567	1,570,567
Retained earnings		3,242,144	3,873,240	7,743,185	7,895,325
Total equity		4,812,711	5,443,807	9,313,752	9,465,892
Total equity and liabilities		27,813,313	28,789,456	34,030,037	32,725,898
Net current assets		550,280	1,118,990	1,664,539	332,168
Total assets less current liabilities		27,420,280	28,238,990	33,404,539	32,082,168

Statements of changes in equity

	Share capital and share premium *(Note 17)*	**Retained earnings**	**Total**
As at 1 January 2016	6,070,567	2,708,054	8,778,621
Repayment of shareholder's contribution	(4,500,000)	–	(4,500,000)
Total comprehensive income for the year	–	534,090	534,090
As at 31 December 2016	1,570,567	3,242,144	4,812,711
As at 1 January 2017	1,570,567	3,242,144	4,812,711
Total comprehensive income for the year	–	631,096	631,096
As at 31 December 2017	1,570,567	3,873,240	5,443,807
As at 1 January 2018	1,570,567	3,873,240	5,443,807
Total comprehensive income for the year	–	3,869,945	3,869,945
As at 31 December 2018	1,570,567	7,743,185	9,313,752
As at 1 January 2018	1,570,567	3,873,240	5,443,807
Total comprehensive income for the period (unaudited)	–	1,620,653	1,620,653
As at 30 June 2018 (unaudited)	1,570,567	5,493,893	7,064,460
As at 1 January 2019	1,570,567	7,743,185	9,313,752
Total comprehensive income for the period	–	152,140	152,140
As at 30 June 2019	1,570,567	7,895,325	9,465,892

Statements of cash flows

	Note	Year ended 31 December 2016	2017	2018	Six months ended 30 June 2018 (Unaudited)	2019
Cash flow from operating activities						
Cash generated from operations	*18(a)*	1,405,265	1,678,922	1,863,390	1,104,179	903,005
Interest paid		(1,183,418)	(951,787)	(1,256,210)	(213,685)	(559,204)
Net cash generated from operating activities		221,847	727,135	607,180	890,494	343,801
Cash flows from financing activities						
Change of restricted cash pledged for borrowings		–	–	(250,000)	–	250,000
Repayment of bank borrowings		(10,000,000)	–	–	–	(14,575,000)
Repayment of borrowings due to related parties		(7,325,913)	–	–	–	–
Repayment of shareholder's contribution		(4,500,000)	–	–	–	–
Proceeds from bank borrowings, net of transaction costs		14,436,975	–	–	–	–
Proceeds from related parties borrowings		7,000,000	–	–	–	12,975,000
Settlement of derivative financial instrument		(130,700)	–	–	–	–
Payment of other financing cost		–	–	–	–	(72,875)
Net cash used in financing activities		(519,638)	–	(250,000)	–	(1,422,875)
Net (decrease)/increase in cash and cash equivalents		(297,791)	727,135	357,180	890,494	(1,079,074)
Cash and cash equivalents at beginning of the year/period	*12*	1,212,537	914,746	1,641,881	1,641,881	1,999,061
Cash and cash equivalents at end of the year/period	*12*	914,746	1,641,881	1,999,061	2,532,375	919,987

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

New Century Netherlands I B.V. (the "Disposal Company") is a limited liability company incorporated in Amsterdam, the Netherlands, on 3 February 2012 by IRE Hotel II HoldCo 1 S.à.r.l. ("IRE"). The Disposal Company's registered office is situated at Naritaweg 165, 1043 BW, Amsterdam, the Netherlands.

The principal activity of the Disposal Company is the leasing of a hotel property. On 22 March 2012, the Disposal Company acquired the Holiday Inn Eindhoven Hotel (the "Netherlands Hotel") and leased it to Eden Eindhoven Hotel Exploitatie II B.V. (the "Lessee") with a lease term of 25 years.

On 9 August 2016, the entire interest of the Disposal Company was acquired by New Century Real Estate Investment Trust ("New Century REIT") through its wholly owned subsidiary New Century Europe I S.à.r.l. ("New Century Europe") (the "Acquisition"). Thereafter, New Century Europe became the sole shareholder of the Disposal Company.

The Historical Financial Information is presented in EUR, unless otherwise stated.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to the Track Record Period presented, except for the adoption of new and amended standards as disclosed in Note 2.1.

2.1 Basis of preparation

The Historical Financial Information of the Disposal Company has been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB").The Disposal Company has adopted IFRS 9, "Financial instruments" and IFRS 15, "Revenue from contracts with customers" for reporting periods beginning on or after 1 January 2018, and IFRS 16, "Leases" for the reporting periods beginning on or after 1 January 2019.

The Historical Financial Information of the Disposal Company has been prepared under the historical cost convention, as modified by the revaluation of investment property and derivative financial instruments, which are carried at fair value.

The preparation of the Historical Financial Information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Disposal Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

2.1.1 New and amended standards adopted by the Disposal Company

Changes in accounting policies of application on IFRS 9, 15 and 16 are set out below. Impacts resulting from the adoption of these new standards on the results and financial position of the Disposal Company is not significant.

(i) IFRS 9, "Financial instruments"

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairments of financial assets and hedging accounting.

IFRS 9 is effective for reporting periods beginning on or after 1 January 2018 and the Disposal Company has applied the standard from its mandatory adoption date of 1 January 2018. The new accounting policies are set out in Note 2.6 below. In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), the cumulative impact of the adoption (if any) will be recognised in retained earnings as at 1 January 2018 and the comparatives will not be restated.

The financial instruments of the Disposal Company includes cash and cash equivalents, restricted cash, trade and other receivables, amount and borrowings due to related parties, other payables, derivative financial instruments and borrowings. The trade and other receivables will always be collected within credit period and the expected credit losses of such receivables were quite low. The Disposal Company also held a derivative financial instrument which had already been classified as financial liability at fair value through profit or loss and the accounting treatment is same as the new accounting policy.

The adoption of IFRS 9 did not have significant impact on the classification and measurement of the Disposal Company's financial instruments.

The Disposal Company has trade and other receivables (excluding prepayments) that are subject to IFRS 9's new expected credit loss model, and the Disposal Company was required to revise its impairment methodology under IFRS 9 for these receivables. The Disposal Company assessed the transition to impact of IFRS 9 for trade and other receivables as a result of applying the new expected credit loss model which was insignificant.

(ii) IFRS 15, "Revenue from contracts with customers"

The Disposal Company has adopted IFRS 15 "Revenue from contracts with customers" from 1 January 2018 which resulted in changes in accounting policies but there is no adjustments to the amounts recognised in the Historical Financial Information.

The Disposal Company has assessed the influence of IFRS 15 "Revenue from contracts with customers" to the Disposal Company, and there is no impact on the Disposal Company's retained earnings as at 1 January 2018.

(iii) IFRS 16, "Leases"

IFRS 16, "Leases" provides updated guidance on the definition of leases, and the guidance on the combination and separation of contracts. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 requires lessees to recognise lease liability reflecting future lease payments and a "right-of-use-asset" for almost all lease contracts, with an exemption for certain short-term leases and leases of low value assets. The lessors accounting stays almost the same as under IAS 17 "Leases", and lessors should provide additional disclosures and information which allows users of the financial statements to assess the effect that leases have on the lessors' financial position, financial performance and cash flows:

- the nature of the entity's leasing activities;
- the management of the risks associated with any rights retained in the underlying assets;
- lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate;
- maturity analysis of lease payments for a minimum of each of the first five years plus a total amount for the remaining years;
- where applicable, the disclosure required by IAS 36, IAS 38, IAS 40 and IAS 41, etc.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019 and the Disposal Company has applied the standard from its mandatory adoption date of 1 January 2019. Since the nature of the Disposal Company's business is leasing the hotel property in the Netherlands as a lessor, the Disposal Company did not need to make any adjustments to the accounting for asset held as lessor in accordance with IFRS 16.

2.1.2 New standards and amendments issued but are not yet effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Disposal Company

		Effective for annual periods beginning on or after
IFRS 17	Insurance contracts	1 January 2021
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Amendments to IFRS 3	Definition of business	1 January 2020
Revised conceptual framework	Revised conceptual framework for financial reporting	1 January 2020
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Disposal Company has assessed the impact of adopting these new standards, amendments and interpretations. According to the preliminary assessment, these standards, amendments and interpretations are not expected to have a material impact on the Disposal Company's operating results and financial position.

2.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the senior executive management who makes strategic decisions.

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Disposal Company are measured using the currency of the primary economic environment in which the entity operates (the ''functional currency''). The Historical Financial Information are presented in EUR, which is the Disposal Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

All foreign exchange gains and losses are presented in the statements of comprehensive income within "Other gains/(losses) – net" (Note 7).

2.4 Investment property

Investment property, principally comprising freehold land, buildings and related equipment, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Disposal Company. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Disposal Company uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the statements of comprehensive income.

2.5 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.6 Financial assets

2.6.1 Classification

From 1 January 2018, the Disposal Company classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and;

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Disposal Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Disposal Company reclassifies debt instruments investments when and only when its business model for managing those assets changes.

2.6.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Disposal Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Disposal Company has transferred substantially all the risks and rewards of ownership.

2.6.3 Measurement

At initial recognition, the Disposal Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Disposal Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Disposal Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Disposal Company subsequently measures all equity investments at fair value. Where the Disposal Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Disposal Company's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.6.4 Impairment

From 1 January 2018, the Disposal Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Disposal Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, the identified impairment loss was immaterial, while cash and cash equivalents are also subject to the impairment requirements of IFRS 9 and the identified loss was immaterial.

Impairment on other receivables is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.6.5 Accounting policies applied until 31 December 2017

The Disposal Company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Disposal Company's previous accounting policy.

(a) Classification

Until 31 December 2017, the Disposal Company classified its financial assets in the following categories:

- financial assets at FVPL; and
- loans and receivables

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at FVPL

Financial assets at FVPL are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Disposal Company's loans and receivables comprise ''trade and other receivables'', ''cash and cash equivalents'' and ''restricted cash'' in the balance sheet (Notes 2.9, 2.10 and 2.11).

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date – the date on which the Disposal Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at FVPL. Financial assets carried at FVPL are initially recognised at fair value, and transaction costs are expensed in the statements of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Disposal Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at FVPL are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial asset/liabilities at FVPL' category are presented in the statements of comprehensive income within ''Other gains/(losses) – net'' in the period in which they arise.

(c) Impairment

Assets carried at amortised cost

The Disposal Company assessed at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that could be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loan and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Disposal Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

2.7 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.8 Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

During the Track Record Period, the Disposal Company did not designate any derivatives as hedging instruments.

2.9 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value and subsequently measured at amortised cost using the effective interest method. See Note 2.6.4 and Note 11 for the Disposal Company's impairment policies.

2.10 Cash and cash equivalents

In the statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

2.11 Restricted cash

Restricted cash represents guaranteed deposits in a separate reserve account to be pledged to the bank as security deposits under bank borrowing agreement. Such restricted cash will be released when the Disposal Company repays the related bank loan.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Other payables

Other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings and borrowings cost

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statements of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Disposal Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are classified as current liabilities if the loan agreements include an overriding repayment on demand clause, which gives the lender the right to demand repayment at any time at their sole discretion, irrespective of whether a default event has occurred and notwithstanding any other terms and maturity stated in the loan agreement.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

All other borrowing costs are recognised in the statements of comprehensive income in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statements of comprehensive income, except to the extent that it relates to items recognised in OCI or directly in equity. In this case the tax is also recognised in OCI or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the jurisdictions where the Disposal Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Disposal Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.16 Provisions

Provisions are recognised when the Disposal Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.17 Revenue recognition

Lease income from operating leases where the Disposal Company is a lessor is recognised in income on a straight line basis over the lease term (Note 5). The respective leased assets are included in the balance sheets in the ''investment property''.

Rental income of the Disposal Company is measured on the following bases:

- Minimum annual rent (''Base Rent'') from hotel properties and other rental income are recognised in the period in which the properties are let and on a straight-line basis over the periods of the respective leases;

- Actual annual rent (''Total Rent'') from hotel properties is recognised in the period in which they are earned in accordance with the terms of respective agreements.

3 Financial risk management

3.1 Financial risk factors

The Disposal Company's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The Disposal Company's overall risk management programme focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Disposal Company's financial performance.

Risk management is carried out by the management, who manages and monitors these risk exposures to ensure appropriate measures are implemented in a timely and effective manner.

(a) Market risk

(i) Cash flow interest rate risk

The Disposal Company has no significant interest-bearing assets. The Disposal Company's interest rate risk mainly arises from bank borrowings and, borrowings due to related parties. Bank borrowings obtained at variable rates exposes the Disposal Company to cash flow interest rate risk. Borrowings due to related parties obtained at fixed rate exposes the Disposal Company to fair value interest rate risk.

The Disposal Company manages its cash flow interest rate risk by using interest rate cap. Interest rate cap has the economic effect of keeping floating interest rate of borrowing within the cap rate. Under the interest rate cap, the Disposal Company agrees with other party to limit floating interest rate within the cap rate by reference to the agreed notional amount.

For the years ended 31 December 2016, 2017, 2018 and six months ended 30 June 2018 and 2019, if the interest rate had been higher/lower by 25 basis points, with all other variables held constant, the net profit for each year/period would have changed mainly as a result of higher/lower interest expenses as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
Net profit (decrease)/ increase					
– 25 basis points higher	(10,122)	(25,710)	(27,296)	(13,648)	N/A
– 25 basis points lower	10,122	25,710	27,296	13,648	N/A

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, as well as trade and other receivables included in the balance sheets.

Credit risk is managed on a group basis. As at 31 December 2016, 2017, 2018 and 30 June 2019, all cash and cash equivalents and restricted cash were deposited in the major financial institutions in the Netherlands, which the management believe are of high credit quality. The management does not expect any losses from non-performance by these counterparties.

The Disposal Company established policies in place to ensure that the investment property is leased to the customers with an appropriate credit term and the Disposal Company assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers. The Disposal Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss rates based on the corresponding historical credit losses experienced is immaterial.

(c) Liquidity risk

The Disposal Company's objective is to maintain sufficient cash and sources of funding through committed credit facility. To manage the liquidity risk, management monitors rolling forecasts of the Disposal Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flow. The Disposal Company expects to fund the future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions or related party, if necessary.

The table below analyses the Disposal Company's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at each balance sheet date to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
As at 31 December 2016					
Bank borrowings	–	–	–	14,575,000	14,575,000
Borrowings due to related parties	–	–	–	7,000,000	7,000,000
Interest payable on borrowings	1,245,213	1,128,546	1,128,546	1,932,471	5,434,776
Derivative financial instruments	33,912	–	–	–	33,912
Other payables and amounts due to related parties	117,827	–	–	–	117,827
	1,396,952	1,128,546	1,128,546	23,507,471	27,161,515
As at 31 December 2017					
Bank borrowings	–	–	–	14,575,000	14,575,000
Borrowings due to related parties	–	–	–	7,000,000	7,000,000
Interest payable on borrowings	1,481,849	1,128,546	1,128,546	574,550	4,313,491
Derivative financial instruments	14,341	–	–	–	14,341
Other payables and amounts due to related parties	110,847	–	–	–	110,847
	1,607,037	1,128,546	1,128,546	22,149,550	26,013,679

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
As at 31 December 2018					
Bank borrowings	–	–	14,575,000	–	14,575,000
Borrowings due to related parties	–	–	7,000,000	–	7,000,000
Interest payable on borrowings	1,363,689	1,129,720	694,734	–	3,188,143
Derivative financial instruments	1,020	–	–	–	1,020
Other payables and amounts due to related parties	126,186	–	–	–	126,186
	1,490,895	1,129,720	22,269,734	–	24,890,349
As at 30 June 2019					
Borrowings due to related parties	–	–	–	19,975,000	19,975,000
Interest payable on borrowings	749,052	579,275	579,275	1,071,179	2,978,781
Other payables and amounts due to related parties	201,573	–	–	–	201,573
	950,625	579,275	579,275	21,046,179	23,155,354

The interest payments on borrowings are calculated based on borrowings held as at 31 December 2016, 2017, 2018 and 30 June 2019 without taking into account future borrowings. Floating-rate interest is estimated using the relevant interest rates as at 31 December 2016, 2017 and 2018, respectively, but not applicable as at 30 June 2019.

3.2 Capital risk management

The Disposal Company's objectives when managing capital are to safeguard the Disposal Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

Consistent with others in the industry, the management monitors capital on the basis of the gearing ratio. This ratio is calculated as total gross borrowings excluding transaction costs divided by total asset value.

The gearing ratio calculated based on the gross borrowings excluding transaction costs over total asset value as at 31 December 2016, 2017, 2018 and 30 June 2019 is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Total gross borrowings excluding transaction costs *(Note 15 and 20(c))*	21,575,000	21,575,000	21,575,000	19,975,000
Total asset value	27,813,313	28,789,456	34,030,037	32,725,898
Gearing ratio	78%	75%	63%	61%

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value as at 31 December 2016, 2017, 2018 and 30 June 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Disposal Company is the current bid price. These instruments are included in level 1;

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

See Note 10 for disclosures of the investment property that is measured at fair value.

	Level 1	Level 2	Level 3	Total
Financial liability at FVPL				
Derivative financial instruments				
As at 31 December 2016	–	33,912	–	33,912
As at 31 December 2017	–	14,341	–	14,341
As at 31 December 2018	–	1,020	–	1,020

The Disposal Company did not hold derivative financial instruments as at 30 June 2019.

There were no transfers among different levels and no change in valuation technique during the Track Record Period.

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

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

Specific valuation techniques used to value financial instruments include:

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

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Disposal Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimation of fair value of investment property

The fair value of investment property is determined at each reporting date by independent valuers by using valuation technique. The independent valuers have relied on the income capitalisation approach as their primary methods, cross-referenced to the direct comparison method where applicable. Details of the judgement and assumptions have been disclosed in Note 10.

(b) Current income taxes and deferred tax

There are many transactions and calculations for which the ultimate tax determination is uncertain. The Disposal Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Revenue

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Rental income from Netherlands Hotel *(a)*	1,962,915	1,964,878	1,992,387	996,193	1,015,121
Other rental income *(b)*	18,405	18,464	18,679	9,318	9,466
	1,981,320	1,983,342	2,011,066	1,005,511	1,024,587

(a) On 22 March 2012, the Disposal Company, who owns the Netherlands Hotel, leased the Netherlands Hotel to the Lessee, with a lease term of 25 years. Pursuant to the lease agreement, the Disposal Company is entitled to receive a Total Rent, which is calculated as 24% of the total operating revenue of the Netherlands Hotel.

Under the terms of the lease agreement of the Netherlands Hotel, the Lessee has guaranteed a Base Rent, which is adjusted annually based on the consumer price index published by the Central Bureau of Statistics of the Netherlands which is capped at 3% per annum. If the Total Rent is less than the Base Rent, the shortfall would be paid by the Lessee to the Disposal Company.

During the Track Record Period, the Total Rent is less than the Base Rent. Therefore, the rental income is the Base Rent.

(b) Other rental income represents the rental income from the lease of antennas in investment property and was recognised on a straight-line basis over the periods of the respective leases.

6 Operating expenses

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Management fees *(Note 20(b))*	120,915	132,104	147,399	70,296	71,057
Legal and other professional fee	378,181	62,621	70,259	12,151	27,813
Property real estate tax	34,326	36,457	40,502	20,251	24,697
Valuation fee	6,000	10,000	10,000	5,000	21,299
Auditor's remuneration	11,912	9,358	9,398	6,899	6,898
Property insurance	12,136	45,801	45,605	22,214	23,698
Miscellaneous	3,485	–	5,014	8,351	8,976
Total operating expenses	566,955	296,341	328,177	145,162	184,438

7 Other gains/(losses) – net

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Fair value gains on derivative financial instruments	34,195	19,571	13,321	9,602	1,020
Bank charges	(5,644)	(10,997)	(14,336)	(6,394)	(6,384)
Foreign exchange gains/(losses)	81	1,680	1,724	–	(443)
	28,632	10,254	709	3,208	(5,807)

8 Finance costs – net

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Interest expense on bank borrowings	454,788	428,545	438,049	213,686	151,458
Interest expense on borrowings due to related parties *(Note 20(b))*	605,628	700,000	700,000	347,123	342,380
Amortisation of transaction costs of bank borrowings	74,658	26,217	27,053	13,309	74,776
Early repayment costs on bank borrowings	–	–	–	–	72,875
	1,135,074	1,154,762	1,165,102	574,118	641,489

9 Income tax expenses

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Current income tax *(a)*	–	–	–	–	–
Deferred income tax *(Note 16)*	143,833	161,397	1,268,551	518,786	50,713
	143,833	161,397	1,268,551	518,786	50,713

The tax on the Disposal Company's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to the profit of the statements of comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Profit before taxation	677,923	792,493	5,138,496	2,139,439	202,853
Tax calculated at statutory tax rate	169,481	198,123	1,284,625	534,860	50,713
Recognition of deferred income tax assets on previously unrecognised tax losses	–	(30,861)	(16,074)	(16,074)	–
Recognition of deferred income tax assets on previously unrecognised temporary differences	(35,499)	–	–	–	–
Others	9,851	(5,865)	–	–	–
	143,833	161,397	1,268,551	518,786	50,713

(a) Netherlands corporate income tax

Enterprises incorporated in the Netherlands are subject to income tax rate of 20% for the first EUR200,000 taxable income and 25% for the taxable income exceeds EUR200,000 during the Track Record Period. No Netherlands corporate income tax has been provided for as the Disposal Company still has unutilised tax loss carry-forwards (Note 16) during the Track Record Period.

10 Investment property

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Investment property	26,870,000	27,120,000	31,740,000	31,750,000

The investment property of the Disposal Company is a hotel located in the Netherlands with freehold interest.

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
At fair value					
Opening balance	26,500,000	26,870,000	27,120,000	27,120,000	31,740,000
Fair value gains *(a)*	370,000	250,000	4,620,000	1,850,000	10,000
Closing balance	26,870,000	27,120,000	31,740,000	28,970,000	31,750,000

(a) The independent valuation of the Disposal Company's investment property in the Netherlands as at 31 December 2016, 2017 and 2018 was performed by Savills Consultancy B.V. ("Savills"), and as at 30 June 2019 performed by Cushman & Wakefield v.o.f. ("Cushman & Wakefield") respectively.

As at 31 December 2016, 2017 and 2018, investment property was pledged as collateral for the Disposal Company's bank borrowings (Note 15). The pledge was released after the early repayment of the bank borrowing in May 2019.

The fair value measurement information for the investment property in accordance with IFRS is given below:

	Fair value measurements using		
Description	**Quoted prices in active markets for identical assets (Level 1)**	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Recurring fair value measurements			
As at 31 December 2016	–	–	26,870,000
As at 31 December 2017	–	–	27,120,000
As at 31 December 2018	–	–	31,740,000
As at 30 June 2019	–	–	31,750,000

During the Track Record Period, there were no transfers between Levels 1, 2 and 3.

Valuation processes of the Disposal Company

The Disposal Company's investment property was valued at 31 December 2016, 2017, 2018 and 30 June 2019 by the qualified independent professional valuers, Savills and Cushman & Wakefield, who hold recognised relevant professional qualification and have recent experience in the locations and segments of the investment property valued.

The REIT Manager reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the Finance and Investment Committee ("FIC") of the REIT Manager. Discussions of valuation processes and results are held between the REIT Manager and independent valuers at least once a year, in line with the Disposal Company's reporting period.

At each reporting period end, the REIT Manager:

- verifies all major inputs to the independent valuation report;
- assesses property market conditions and property valuations movements as compared to the prior year valuation reports; and
- holds discussions with the independent valuers.

Changes in level 3 fair values are analysed at each reporting period during the annual valuation discussions between the REIT Manager and the FIC.

Valuation techniques

The valuation was determined using income capitalisation approach based on significant unobservable inputs. These inputs include:

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

There were no changes to the valuation techniques for the investment property during the Track Record Period.

Information about fair value measurements using significant unobservable inputs (Level 3):

Description	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair value
The Netherlands Hotel	Income capitalisation	Rental income	For rental income from the Netherlands Hotel during the Track Record Period: Base Rent of the Netherlands Hotel is a fixed amount adjusted annually based on consumer price index published by the Central Bureau of Statistics of the Netherlands which is capped at 3% per annum. Total Rent of the Netherlands Hotel is calculated as 24% of the lessee's total operating revenue. If the Total Rent of the Netherlands Hotel is less than the Base Rent of the Netherlands Hotel for that year/period, the lessee shall pay the difference.	The higher the input value, the higher the fair value
		Capitalisation rate	As at 31 December 2016: 5.25% to the core rent plus 20% to the top slice component of the rent passing As at 31 December 2017: 5% to the core rent plus 22.5% to the top slice component of the rent passing As at 31 December 2018: 4.75% to the core rent plus 20% to the top slice component of the rent passing As at 30 June 2019: 5.18% to the net capitalisation rate	The higher the input rate, the lower the fair value

There are inter-relationships between unobservable inputs. An increase in future rental income may be linked with change of costs. If the remaining lease term increases, the yield may change.

11 Trade and other receivables and prepayments

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Trade receivables *(a)*	–	750	–	–
Other receivables	508	–	–	–
Prepayments	28,059	26,825	40,976	55,911
Trade receivables and prepayments – net	28,567	27,575	40,976	55,911

As at 31 December 2016 and 2017, the carrying amounts of the trade and other receivables of the Disposal Company, except for the prepayments which are not financial assets, approximated their fair value.

(a) As at 31 December 2017, the trade receivables represented the rental income receivables from the lessee. The aging analysis of trade receivables was as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Trade receivables, gross				
– Within 30 days	–	750	–	–

In accordance with the lease contracts, the leasing payment is required to be settled in advance, so normally there is no trade receivables. No interest is charged on the trade receivables. The Disposal Company applies the simplified approach, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. During the Track Record Period, the Disposal Company believes that there were no significant financial difficulty of their customers and based on the past experience, there were no significant change in the credit quality of their customers. The identified impairment loss was zero.

All carrying amounts of the Disposal Company's trade receivables are denominated in EUR.

As at 31 December 2016, 2017 and 2018, all the trade receivables were pledged as collateral for the Disposal Company's bank borrowings (Note 15). The pledge was released after the early repayment of bank borrowings in May 2019.

12 Cash and cash equivalents and restricted cash

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Cash at banks *(a)*	914,746	1,641,881	2,249,061	919,987
Less: Restricted cash *(b)*	–	–	(250,000)	–
	914,746	1,641,881	1,999,061	919,987

(a) All cash and cash equivalents are denominated in EUR.

(b) Restricted cash represents guarantee bank deposit held in reserve account pledged to the bank as security deposit under bank borrowing agreement (Note 15), which is denominated in EUR.

13 Other payables

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Other payables	76,848	41,217	48,210	52,318
Advances from customers	2,846	4,623	162,728	171,798
Interest payable on bank borrowings	59,879	59,879	58,705	–
Accrued taxes other than income tax	61,902	67,351	100,421	100,582
	201,475	173,070	370,064	324,698

As at 31 December 2016, 2017, 2018 and 30 June 2019, all other payables of the Disposal Company were non-interest bearing. Their fair values approximate their carrying amounts due to their short maturities.

14 Derivative financial instruments

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Interest rate cap	33,912	14,341	1,020	–

The Disposal Company has entered into interest rate cap with a commercial bank. The interest rate cap has the economic effect of keeping floating interest rate of borrowing within the cap rate. Nevertheless, the interest rate cap was not accounted for as hedging instruments as the conditions for hedge accounting were not met during the Track Record Period. As at 31 December 2016, 2017 and 2018, the notional principal amount of the outstanding interest rate cap was EUR13,117,500 and the interest rate was capped at 4.4%. In May 2019, the interest rate cap was unwinded upon the early repayment of bank borrowings. Gains and losses arising from the fair value change of the interest rate cap were recognised in the statements of comprehensive income in "Other gains/(losses) – net" (Note 7).

15 Borrowings

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Non-current				
Principal of bank borrowings – secured	14,575,000	14,575,000	14,575,000	–
Less: Transaction costs	(128,046)	(101,829)	(74,776)	–
	14,446,954	14,473,171	14,500,224	–

The Disposal Company's borrowings are denominated in EUR.

The exposure of the Disposal Company's borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less	**Total**
As at 31 December 2016	14,446,954	14,446,954
As at 31 December 2017	14,473,171	14,473,171
As at 31 December 2018	14,500,224	14,500,224
As at 30 June 2019	–	–

The maturity of borrowings is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Between 2 and 3 years	–	–	14,500,224	–
Over 3 years	14,446,954	14,473,171	–	–
	14,446,954	14,473,171	14,500,224	–

The bank borrowing with the principal amount of EUR14,575,000 and maturity on 10 May 2021 was early repaid in May 2019.

The weighted average effective interest rates during the Track Record Period were as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Borrowings – non-current (EUR)	4.48%	3.12%	3.13%	4.36%

The carrying amounts and fair values of the non-current borrowings are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Carrying amounts				
Bank borrowings	14,446,954	14,473,171	14,500,224	–
Fair values				
Bank borrowings	14,537,197	14,593,922	14,588,783	–

The fair values are based on cash flows discounted using the market interest rates prevailing at each balance sheet date and are within level 2 of the fair value hierarchy.

The Disposal Company had no undrawn bank borrowing facilities.

(a) Bank borrowings – secured

Bank borrowings of the Disposal Company as at 31 December 2016, 2017 and 2018, are secured by the following:

– Investment property (Note 10), trade receivables (Note 11), restricted cash (Note 12) and equity interest of the Disposal Company and guaranteed by New Century Europe.

As at 30 June 2019, the Disposal Company has no bank borrowings.

16 Deferred income tax assets and deferred income tax liabilities

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

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Deferred income tax liabilities	1,230,828	1,406,114	2,679,385	2,725,707
Less: deferred income tax assets	(70,213)	(84,102)	(88,822)	(84,431)
Deferred income tax liabilities – net	1,160,615	1,322,012	2,590,563	2,641,276

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Deferred income tax liabilities:				
– to be recovered after more than 12 months	1,079,559	1,246,849	2,517,163	2,570,168
– to be recovered within 12 months	81,056	75,163	73,400	71,108
	1,160,615	1,322,012	2,590,563	2,641,276

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

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Opening balance	1,016,782	1,160,615	1,322,012	1,322,012	2,590,563
Charged to the statements of comprehensive income *(Note 9)*	143,833	161,397	1,268,551	518,786	50,713
Closing balance	1,160,615	1,322,012	2,590,563	1,840,798	2,641,276

Movements in deferred income tax assets and liabilities during the Track Record Period, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

Deferred income tax assets	Tax losses carried forward	Derivative financial instrument	Total
As at 1 January 2016	–	–	–
Credited to the statement of comprehensive income	61,735	8,478	70,213
As at 31 December 2016	61,735	8,478	70,213
Credited/(charged) to the statement of comprehensive income	18,782	(4,893)	13,889
As at 31 December 2017	80,517	3,585	84,102
Credited/(charged) to the statement of comprehensive income	8,050	(3,330)	4,720
As at 31 December 2018	88,567	255	88,822
Charged to the statement of comprehensive income	(4,136)	(255)	(4,391)
As at 30 June 2019	84,431	–	84,431

Deferred income tax liabilities	Amortisation of transaction costs for the bank borrowings	Valuation of investment property	Total
As at 1 January 2016	–	1,016,782	1,016,782
Charged to the statement of comprehensive income	32,012	182,034	214,046
As at 31 December 2016	32,012	1,198,816	1,230,828
Charged/(credited) to the statement of comprehensive income	(6,555)	181,841	175,286
As at 31 December 2017	25,457	1,380,657	1,406,114
Charged/(credited) to the statement of comprehensive income	(6,763)	1,280,034	1,273,271
As at 31 December 2018	18,694	2,660,691	2,679,385
Charged/(credited) to the statement of comprehensive income	(18,694)	65,016	46,322
As at 30 June 2019	–	2,725,707	2,725,707

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. As at 31 December 2016 and 2017, the Disposal Company did not recognise deferred income tax assets of EUR46,935 and EUR10,674 in respect of losses amounting to EUR187,740 and EUR42,696 that can be carried forward against future taxable income. As at 31 December 2018, all tax losses carry-forwards had been recognised as deferred income tax assets.

17 Share capital and share premium

The total number of authorised share capital is 18,000 ordinary shares with a par value of EUR1 per share. As at 31 December 2016, 2017, 2018 and 30 June 2019, the total paid up capital is EUR18,000 representing 18,000 ordinary shares in issue at a par value of EUR 1 per share.

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Share capital	18,000	18,000	18,000	18,000
Share premium *(i)*	1,552,567	1,552,567	1,552,567	1,552,567
	1,570,567	1,570,567	1,570,567	1,570,567

(i) Share premium

At as 1 January 2016	6,052,567
Repayment of the shareholder's contribution	(4,500,000)
As at 31 December 2016, 2017, 2018 and 30 June 2019	1,552,567

Share premium represents capital contributed by the shareholder to the Disposal Company in excess of share capital. The Disposal Company repaid the contribution from the prior holding company IRE in amount of EUR4,500,000 during the Acquisition.

18 Cash flow information

(a) Reconciliation of profit before taxation to cash generated from operations

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
Profit before taxation for the year/period	677,923	792,493	5,138,496	2,139,439	202,853
Adjustments for:					
Fair value gains on derivative financial instruments *(Note 7)*	(34,195)	(19,571)	(13,321)	(9,602)	(1,020)
Interest expense on bank borrowings *(Note 8)*	454,788	428,545	438,049	213,686	151,458
Interest expense on borrowings due to related parties *(Note 8)*	605,628	700,000	700,000	347,123	342,380
Amortisation of transaction costs of bank borrowings *(Note 8)*	74,658	26,217	27,053	13,309	74,776
Fair value gains on investment property *(Note 10)*	(370,000)	(250,000)	(4,620,000)	(1,850,000)	(10,000)
Other financing costs *(Note 8)*	–	–	–	–	72,875
Changes in working capital:					
(Increase)/decrease in trade and other receivables and prepayments	(28,567)	992	(13,401)	(27,376)	(14,935)
Increase in amounts due to related parties	40,979	28,651	8,346	–	71,279
(Decrease)/increase in other payables	(15,949)	(28,405)	198,168	277,600	13,339
Cash generated from operations	1,405,265	1,678,922	1,863,390	1,104,179	903,005

(b) Net cash and liabilities relating to financing activities

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Cash and cash equivalents	914,746	1,641,881	1,999,061	919,987
Restricted cash	–	–	250,000	–
Borrowings – repayable after one year	(14,446,954)	(14,473,171)	(14,500,224)	–
Borrowings due to related parties	(7,000,000)	(7,000,000)	(7,000,000)	(19,975,000)
	(20,532,208)	(19,831,290)	(19,251,163)	(19,055,013)
Cash and cash equivalents	914,746	1,641,881	1,999,061	919,987
Restricted cash	–	–	250,000	–
Borrowings – fixed interest rates	(7,000,000)	(7,000,000)	(7,000,000)	(19,975,000)
Borrowings – variable interest rates	(14,446,954)	(14,473,171)	(14,500,224)	–
	(20,532,208)	(19,831,290)	(19,251,163)	(19,055,013)

	Other assets	Liabilities from financing activities		
	Cash and cash equivalents	Borrowings due to related parties	Bank borrowings	Total
As at 1 January 2016	1,212,537	(7,325,913)	(9,935,321)	(16,048,697)
Cash flows	(297,791)	325,913	(4,436,975)	(4,408,853)
Amortisation of transaction costs of bank borrowings	–	–	(74,658)	(74,658)
As at 31 December 2016	914,746	(7,000,000)	(14,446,954)	(20,532,208)
Cash flows	727,135	–	–	727,135
Amortisation of transaction costs of bank borrowings	–	–	(26,217)	(26,217)
As at 31 December 2017	1,641,881	(7,000,000)	(14,473,171)	(19,831,290)
Cash flows	357,180	–	–	607,180
Amortisation of transaction costs of bank borrowings	–	–	(27,053)	(27,053)
As at 31 December 2018	1,999,061	(7,000,000)	(14,500,224)	(19,251,163)
Cash flows	(1,079,074)	(12,975,000)	14,575,000	270,926
Amortisation of transaction costs of bank borrowings	–	–	(74,776)	(74,776)
As at 30 June 2019	919,987	(19,975,000)	–	(19,055,013)

(c) Non-cash transaction

The Disposal Company had no significant non-cash transactions during the Track Record Period.

19 Commitments

Capital commitments

As at 31 December 2016, 2017, 2018 and 30 June 2019, the Disposal Company had no capital commitments.

Contingent liabilities

As at 31 December 2016, 2017, 2018 and 30 June 2019, The Disposal Company did not have any significant contingent liabilities.

20 Related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Disposal Comapny had the following material transactions with related parties during the years and period:

(a) Nature of relationship with related parties

Related party	Relationship with the Disposal Company
New Century Europe	Holding company
New Century REIT Hong Kong I Limited	Holding company of New Century Europe
Spearhead Global Limited	Subsidiary of New Century REIT
IRE	Prior holding company before Acquisition

(b) Transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Interest expense paid/payable to New Century Europe	275,410	700,000	700,000	347,123	257,754
Interest expense paid/payable to Spearhead Global Limited	–	–	–	–	84,626
Management fees paid/payable to New Century REIT Hong Kong I Limited *(i)*	40,979	132,104	147,399	70,296	71,057
Management fees paid to IRE	79,936	–	–	–	–
Interest expense paid to IRE	330,218	–	–	–	–
	726,543	832,104	847,399	417,419	413,437

(i) Management fees

In accordance with the trust deed dated 10 June 2013 and as amended by the supplemental trust deeds dated 20 June 2013 and 15 June 2015 (the "Trust Deed"), as a wholly-owned subsidiary of New Century REIT, New Century REIT Hong Kong I Limited is entitled to receive the management fee from the Disposal Company during the Track Record Period, which is the aggregate of:

- a base fee (the "Base Fee") of 0.3% per annum of the value of the deposited property as at each balance sheet date.
- a variable fee (the "Variable Fee") of 4% per annum of net property income as defined in the Trust Deed.

(c) Balances with related parties

Other payables due to:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
New Century REIT Hong Kong I Limited	40,979	69,630	77,759	149,255
Spearhead Global Limited	–	–	217	–
	40,979	69,630	77,976	149,255

Interest payable due to:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
New Century Europe *(i)*	116,667	293,425	176,438	85,151
Spearhead Global Limited *(ii)*	–	–	–	84,626
	116,667	293,425	176,438	169,777

Borrowings due to:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
New Century Europe *(i)*	7,000,000	7,000,000	7,000,000	–
Spearhead Global Limited *(ii)*	–	–	–	19,975,000
	7,000,000	7,000,000	7,000,000	19,975,000

(i) Borrowings and interest payable due to New Century Europe represents related party's loan of EUR7,000,000 and interest payable of EUR116,667, EUR293,425, EUR176,438 and EUR85,151 as at 31 December 2016, 2017, 2018 and 30 June 2019, respectively. This related party's loan has a fixed interest rate of 10% per annum for a period of five years and is then recorded as a non-current liability. This related party loan and interest payables were early repaid in May 2019.

(ii) Borrowings and interest payable due to Spearhead Global Limited as at 30 June 2019 represents related party's loan of EUR19,975,000 and interest payable of EUR84,626. These related party's loans are unsecured with a fixed interest rate of 2.9% per annum for a period of five years and were then recorded as a non-current liability.

(d) Key management compensation

During the Track Record Period, there was no key management compensation.

21 Future minimum rental receivables

As at 31 December 2016, 2017, 2018 and 30 June 2019, the Disposal Company has future minimum rental receivables under non-cancellable leases as follow:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
Within one year	1,983,331	2,002,885	2,049,174	2,049,174
Between one year and five years	7,900,142	8,010,126	8,179,688	8,184,017
Over five years	29,737,874	28,151,616	26,651,201	25,625,209
	39,621,347	38,164,627	36,880,063	35,858,400

22 Event occur after the balance sheet date

On 13 September 2019, New Century Europe entered into a share purchase agreement with Somerset Real Estate VI B.V., Horizons III B.V., Zoutelust B.V. and Caerdydd Beheer B.V. (together, the "Buyers"), pursuant to which the Buyers are to acquire the entire interest of the Disposal Company, with a base purchase price of EUR39.75 million plus the current assets and minus the liabilities at the completion date (the "Completion Date"). The borrowings due to related parties of EUR19.98 million with last maturity date in May 2024 as of 30 June 2019 together with the accrued interest thereon, will be repaid on the same date of the Completion Date.

23 Subsequent Financial Statements

No audited financial statements have been prepared by the Disposal Company in respect of any period subsequent to 30 June 2019 and up to the date of this report. Except as disclosed in this report, no dividend had been declared, made or paid by the Disposal Company in respect of any period subsequent to 30 June 2019.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this Circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value of Holiday Inn Eindhoven as at 30 August 2019.

CUSHMAN & WAKEFIELD
戴德梁行

16/F Jardine House
1 Connaught Place
Central
Hong Kong

4 October 2019

The Board of Directors
New Century Asset Management Limited
(in its capacity as REIT Manager of New Century Real Estate Investment Trust)
Unit 4706, 47th Floor
The Center, 99 Queen's Road Central
Hong Kong

DB Trustees (Hong Kong) Limited
(in its capacity as Trustee of New Century Real Estate Investment Trust)
Level 52, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Dear Sirs,

RE: HOLIDAY INN EINDHOVEN, LOCATED AT WOENSEL, THE NETHERLANDS, LOCALLY KNOWN AS VELDMAARSCHALK MONTGOMERYLAAN 1, 5612 BA EINDHOVEN, THE NETHERLANDS (THE "PROPERTY")

INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with the instructions from New Century Asset Management Limited ("REIT Manager") for us to carry out valuation of the market value of the Property, held by New Century Netherlands I B.V. ("New Century Netherlands" or "Target Company"), to be disposed of by New Century Real Estate Investment Trust ("New Century REIT") and its subsidiaries (collectively the "New Century REIT Group"). We confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value in its existing state of the Property as at 30 August 2019 (the "Valuation Date").

DEFINITION OF MARKET VALUE

Our valuation of the Property represents its market value which in accordance with HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (''HKIS'') is defined as ''the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion''.

Our valuation of the Property is on an entirety interest basis.

VALUATION BASIS AND ASSUMPTION

Our valuation of the Property excludes any estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

No allowance has been made in our valuations for any charges, pledges or amounts owing on the Property nor any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of any onerous nature that could affect its value.

We have not carried out detailed site measurements to verify the correctness of the site area in respect of the Property but have assumed that the site area shown on the documents and/or official plans handed to us by the New Century REIT Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

METHOD OF VALUATION

Income Capitalisation Method

The Market Value is determined on the basis of the gross market rent value of the lettable floor areas of the buildings and/or grounds, minus the property-related charges and other charges provided by the client and/or estimated by us, and related to a net yield that is considered realistic under current market circumstances. This yield is based on an assessment of the market, the location and the immovable Property itself and is based, *inter alia*, on the factors described above.

Any difference between the actual rental income and the market rent value is capitalised (cash value) over the remaining term of the lease(s).

The costs of vacancy, including loss of rent, service costs payable by the owner, letting costs, as well as the costs of marketing, publicity, supervision, maintenance and modification and/or renovation are taken into account.

The value can be determined on the one hand by capitalisation of the gross theoretical rental income expressed as the gross initial yield (GIY), or on the other hand by capitalisation of the net theoretical rental income expressed as the net initial yield (NIY). The GIY is the theoretical rental income (at time t=0) divided by the market value (excluding transaction costs), and is expressed as a percentage. The GIY is the theoretical rental income, minus operating costs, divided by the market value (excluding transaction costs), and is also expressed as a percentage.

Comparative Method

The Comparative method compares sales and letting transactions involving similar properties. This method is used for immovable properties of which 'sufficient' transaction data are known. The comparative method is based on assessments of the market, the location and the immovable property itself.

Assessment of the Market Value

The primary method of the subject valuation is the Income Capitalisation Method. For the final assessment of the market value, Comparative Method have been used to check if the appraised value is in line with the market comparables.

The valuation concerns an asset deal instead of a share deal. If applicable, transfer tax, notary costs and land registry charges are deducted.

When valuing the Property, we have complied with the requirements set out in Chapter 6.8 and Practice Note 25 on Overseas Investments of the Code on Real Estate Investment Trusts (the "REIT Code") published by Securities and Futures Commission ("SFC") and HKIS Valuation Standards 2017.

SOURCE OF INFORMATION

The valuation is based on the inspection of the immovable Property, the information provided by the New Century REIT Group, such as letting details and floor areas, floor plans and/or any certificates of measurements and information on property-related and other charges, and on information provided in writing and verbally by the land registry, the municipal and/or provincial authorities and any other authorities concerned.

TITLE INVESTIGATION

We have investigated the title of the Property through the public records. However, we have not searched the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us.

TECHNICAL CONDITION

The Property was inspected on 24 May 2019 by our Amsterdam Office valuers R. van Polanen Petel MSc CFA MRICS RT and S. Mirzaei MSc RT.

The state of repair of structures and building systems is assessed in general terms, as far as observable and only within the framework of a value assessment. This is not equal to a technical survey, and no liability is accepted with regards to the state of repair itself and/or possible hidden defects.

It is assumed for the purpose of this valuation that, unless stated otherwise, the building systems function properly and are in a good state of repair such that no investments are required in order to acquire the prescribed permits, including the statutory permits. Such systems include lifts, central heating, climate control and electrical systems and facilities in accordance with the requirements of the local fire brigade.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the Property. We have assumed that the areas shown on the copies of documents handed to us are correct.

ENVIRONMENTAL ASPECTS

The inspection of the subject property did not include any investigation into whether during its construction materials had been used which according to current insights and standards could be harmful to the environment and/or the health of people and animals, such as in particular asbestos and materials containing asbestos. The valuation assumes that such materials have not been used, unless stated otherwise in the report.

This valuation did not include any investigation into possible pollution of the soil and/or groundwater forming part of the subject property, which according to current insights and standards could constitute a danger to the environment and/or health. The valuation therefore assumes that no such pollution and/or other forms of contamination exists, as a result of which use in accordance with zoning and/or obtaining a building permit is impeded, unless stated otherwise in the report.

INDEPENDENCE

Our associated office Cushman & Wakefield v.o.f provided valuation of the Property as at 30 June 2019 for the Group's financial reporting purpose.

We hereby confirm that Cushman & Wakefield Limited and the undersigned have no pecuniary or other interests that could conflict with the proper valuation of the Property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are independent of the scheme, the trustee, the management company and each of the significant holders of the scheme in accordance with Chapter 6.5 of the REIT Code. The valuation is prepared on a fair and unbiased basis in accordance with Chapter 6.8(e) of the REIT Code.

INTENDED USE AND USER OF REPORT

The intended use of the valuation report is for public disclosure purpose only, including for insertion of the same in the circular of the New Century REIT in relation to the Property, and for public inspection.

CURRENCY

Our valuation of the Property in the Netherlands will be in Euro ("€"), the lawful currency of the Euro Zone.

We attach herewith the valuation report.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Director

Note: Philip C Y Tsang is a Registered Professional Surveyor who has over 29 years' experience in the valuation of properties, including in Hong Kong, the PRC and overseas.

VALUATION REPORT

Property to be disposed of by New Century REIT

<table>
<tr><th>Property</th><th>Description and tenure</th><th>Particulars of occupancy</th><th>Market value in existing state as at 30 August 2019</th></tr>
<tr>
<td>Holiday Inn Eindhoven, located at Woensel, the Netherlands, locally known as Veldmaarschalk Montgomerylaan 1, 5612 BA Eindhoven, the Netherlands</td>
<td>The Property comprises a four-star hotel, Holiday Inn Eindhoven, in Eindhoven city centre. The Property was built in 1973 and was renovated in 2009.

The 11-storey plus a basement hotel building accommodates in total 207 guest rooms, an all-day restaurant and bar, reception, lounge, gym with a swimming pool and conference facilities. There is a large parking lot behind the hotel, on own plot, providing 145 parking spaces for the hotel guests.

The total gross floor area of the Property is approximately 11,675 sq m.

<table>
<tr><th>Guest Room Type</th><th>No. of Room</th></tr>
<tr><td>Standard</td><td>143</td></tr>
<tr><td>Executive</td><td>52</td></tr>
<tr><td>Junior Suite</td><td>9</td></tr>
<tr><td>Executive Suite</td><td>2</td></tr>
<tr><td>Presidential Suite</td><td>2</td></tr>
<tr><td>Total</td><td>207</td></tr>
</table>

The Property is situated on the North-West part of Eindhoven Central Train station, on the edge of the city centre. The surrounding areas are mostly offices, dwellings, and small restaurants and shops. The Philips stadium, the exhibition and event centre 'Beursgebouw Eindhoven', and retail and restaurants in the city centre, are within walking distance from the Property.

According to the land registry details, the Property is held in freehold by New Century Netherlands I B.V. with its registered office in Amsterdam.</td>
<td>Hotel lease agreement
Holiday Inn Eindhoven (excluding other areas currently leased to Independent Third Party lessees) is currently leased to Eden Eindhoven Hotel Exploitatie II B.V (the "Lessee") for a term of 25 years commencing from 22 March 2012 and an option to renew for another two five-year terms at the Lessee's discretion and thereafter, for an indefinite period of time provided that the lease has not been terminated according to its terms.

Other lease agreements
Certain other areas on the rooftop of the Property are currently leased to three Independent Third Party lessees for a term of (i) 15 years (with a remaining term of approximately 10 years); (ii) 25 years (with a remaining term of approximately four years); and (iii) 15 years (with a remaining term of approximately 10 years), respectively.

The existing monthly rental before profits tax is approximately €169,000.

There is no material vacant space.</td>
<td>€31,750,000 (THIRTY ONE MILLION SEVEN HUNDRED FIFTY THOUSAND EURO)</td>
</tr>
</table>

Notes:

(1) The valuation of the Property was prepared by Mr. R. van Polanen Petel MRICS and Mr. Nick Yeung MRICS under the supervision of Mr. Philip Tsang MHKIS.

(2) The legal entitlement of the Property consists of the Freehold on Land Registry ID Woensel K 1278 and 1280, comprising a hotel with adjacent parking lot and other immovable appurtenances.

Land registry information

Section:	Woensel
Numbers:	1278 and 1280
	7,490 sq m
	62 sq m
Total plot size	**7,552 sq m**

According to the land registry details, the Property is held in freehold by New Century Netherlands I B.V. ("Target Company") with its registered office in Amsterdam.

The Land Registry extracts of this parcel indicates that the Property is subject to the Noise Nuisance Act, article 110. The Noise Pollution Act lays down acceptable noise levels for businesses. The Environmental Management (General Rules for Establishments) Decree lays down general environmental rules on noise for commercial operations. Businesses that comply with the Decree do not usually need to apply for an environmental licence.

Limited title searches have been carried out (title number Hyp4 61267/108, dated 23 March 2012), which shows the following provisions:

Based on a former title (Hyp4 51789/131, dated 1 March 2007) and a mentioned letter by the Municipality of Eindhoven dated 21 March 2012, these parcels are designated for use as a hotel with restaurants and bars (including parking).

We have made enquiries at the Spatial Planning Department of the Municipality of Eindhoven concerning the designated use of the Property. Planning policy for the area is contained within the 'Emmasingelkwadrant – Fellenoord 2013' plan adopted by resolution of the Eindhoven City Council on 19 November 2013. The Property is located in an area zoned for 'Hospitality'. The current use as a hotel is therefore in line with the zoning plan and the title deed provisions.

Since there has been no changes to the original designated use of the Property, we have valued the Property on the basis that there is good and marketable title to the Property.

The REIT Manager also confirms that the Property has no Mortgage.

(3) Preliminary preferential right under the Municipalities Preferential Rights Act:

Pursuant to the Municipalities Preferential Rights Act, any transfer of property (or transfer of shares in special purpose vehicles which wholly-own real estate):

(i) the present use of which deviates from (a) intended purpose of the property, or (b) proposed new use of the property based on the relevant authorities' new zoning plans; and

(ii) which has been designated by the relevant authorities,

shall be subject to a preliminary preferential right exercisable by the municipality, the province or the State of the Netherlands.

The REIT Manager confirms that the Property is currently in conformity with its intended use based on current zoning plans. Furthermore, the Target Company has not received any notification from the relevant authorities, that (i) the relevant authorities have proposed new zoning plans or intend to change the purpose of the Property; or (ii) the Property has been included in any designation as referred to in the Municipalities Preferential Rights Act. As such, the REIT Manager is of the view that the risk of the Disposal being subject to such preferential right is low.

(4) Details of the Guest Room Type are summarized as follows:

Guest Room Type	**No. of Room**
Standard	143
Executive	52
Junior Suite	9
Executive Suite	2
Presidential Suite	2
Total	**207**

(5) The layout of the Property is as follows:

Floor	**Use**
Roof	–
10 Floor	Guest rooms (executive and presidential suites)
1 – 9 Floor	Guest rooms (standard, executive rooms and junior suites)
Ground Floor	Reception, restaurant, lobby, back of house offices, bar/lounge/kitchen, meeting rooms, guest rooms
Basement	Offices, gym, swimming pool, changing rooms, storage

(6) The table below sets out certain key information on Holiday Inn Eindhoven:

Average occupancy rate for the six months ended 30 June 2019	79.3%
Average daily rate for the six months ended 30 June 2019	€87.7
Total rental income received by the New Century REIT Group for the six months ended 30 June 2019	€1.02 million

(7) The primary method of the subject valuation is the Income Capitalisation Method. For the final assessment of the market value, Comparative Method have been used to check if the appraised value is in line with the market comparables.

Income Capitalisation Method

Our key valuation assumptions used in the Income Capitalisation Method are summarized as follows:

No. of Guest Rooms	207	
Average Daily Rate	€87	
Occupancy Rate	78%	
% of Total Revenue		**% of Total Revenue**
	Guest Rooms	69%
	F&B	22%
	Conference & others	9%
	Total	100%
Gross Yield	6.4%	
Net Yield	5.18%	

Comparative Method

The following recent transactions serve as comparables for the valuation. The data below is only a selection and does not assume to be exhaustive.

Transacted Comparable

Hotel	City	No. of Guest Rooms	Transaction Price (€)	Price per Guest Room (€)	Gross Yield	Date
Holiday Inn Express Sloterdijk	Amsterdam	254	42,800,000	168,500	n.a.	2019
Holiday Inn Flight Forum Hotel	Eindhoven	180	22,800,000	126,600	6% – 7%	2018
Hotel Pullman Eindhoven Cocagne	Eindhoven	320	47,300,000	147,800	6% – 7%	2016

(8) Market Overview

Hotel investment market

In the context of the general real estate market, the hotel investment market remains a niche market, although this segment is growing more and more. From a global perspective, the Dutch hotel investment market has a limited size with a limited group of hotel property investors.

In line with the general real estate investment market, the hotel market showed a lot of dynamics in 2017 and 2018. It is expected that this trend continues in 2019, depending on the availability of the supply. The total investment volume in hotel properties, in 2017 was more than €1.8 billion in the Netherlands. This development is driven by the continued demand for hotel real estate and investment property in a broader sense. Mainly the demand for high quality hotel properties with a large transaction volume is high. Amsterdam is preferred to both Dutch and foreign investors, although various transactions outside Amsterdam have also taken place. The strong preference arises from the fact that the Amsterdam hotel market performs very well and has been stable in recent years. Examples of recent major transactions in Amsterdam are Kimption de Witt Hotel City Centre (€164 million), the sale of the W Hotel (€260 million), the Nhow Amsterdam RAI (€142.4 million). Furthermore, the sale and lease back transaction of NH Barbizon Palace has also taken place. Deka acquired this hotel at a transaction price of approximately €155.5 million.

Despite these transactions, the supply of hotel real estate still lags the demand. Especially supply with a large transaction volume in Amsterdam is scarce, although the demand for this is increasing. As a result, investors in the current market are also looking at hotels outside the city centre in areas such as Sloterdijk, Amsterdam South East and Hoofddorp. For example, Holiday Inn Express Sloterdijk was recently sold for €42.8 million.

The interest of investors in hotel properties was not limited to the Amsterdam area in the past years. There were several major transactions in other major cities, with interest from international investors. For instance, the sale of Roommate Hotel and Hilton Hotel in Rotterdam and Marriott Hotel in The Hague.

Market dynamics have also been visible in the regions outside the Randstad area. For example, the EHP portfolio with six secondary hotel locations was taken over by the Fletcher group. Moreover, First Sponsor Group purchased the Queen Bilderberg Hotels portfolio consisting of 17 hotel locations spreading across the Netherlands. Recently, Apollo Hotels with 13 hotel locations in the Netherlands was taken over by the Israeli fund 'Fattal Hotels'.

Dutch hotel market

The Dutch hotel market has been showing a relatively steady growth in occupancy rates and average room rates in the last couple of years. This is mostly due to economical improvements since the crisis and the structural growth in the number of tourists. The number of tourists in the Netherlands has risen sharply in recent years. In 2018, approximately 30.1 million guests booked an accommodation in the Netherlands, whereas this was approximately 21.0 million in 2012.

The structural growth in tourism is driven by, among other things, low oil prices and increased disposable income (World Tourism Organization, 2017). In addition, it is easier for tourists to go on city trips due to the declining price of airline tickets, more direct destinations and user-friendly booking systems.

1. 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, the information contained in this Circular is accurate and complete in all material respects and 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 Officer of the REIT Manager

The REIT Code requires that connected persons of the 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 officer of the REIT Manager.

As at the Latest Practicable Date, the interests and short positions held by the REIT Manager, Directors and chief executive officer of the REIT Manager in the Units, underlying Units or debentures of New Century REIT or any associated corporations (within the meaning of Part XV of the SFO) which are required to (a) be recorded in the register kept by the REIT Manager under Schedule 3 of the Trust Deed; (b) be notified to New Century REIT and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (c) pursuant to Section 352 of the SFO, be entered in the register maintained by the REIT Manager referred to therein; or (d) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), be notified to New Century REIT and the Stock Exchange are as follows:

Long position in the Units:

Name of the REIT Manager, Director and Chief Executive Officer of the REIT Manager	Nature of interest	As at the Latest Practicable Date Number of Units held	 Approximate % of interest
Mr. Jin Wenjie *(Note 1)*	Beneficial owner	1,679,000	0.17
Mr. Tong JinQuan *(Note 2)*	Interest of corporation controlled by the Director	139,450,000	14.36

Name of the REIT Manager, Director and Chief Executive Officer of the REIT Manager	Nature of interest	As at the Latest Practicable Date Number of Units held	Approximate % of interest
The REIT Manager *(Note 3)*	Beneficial owner	35,485,984	3.65
Mr. Cheung Yat Ming *(Note 4)*	Beneficial owner	588,000	0.06

Notes:

(1) As at the Latest Practicable Date, Mr. Jin Wenjie was the chairman, non-executive Director and chairman of the Nomination Committee 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 35,485,984 Units.

(4) As at the Latest Practicable Date, Mr. Cheung Yat Ming was the chief executive officer, executive Director and a Responsible Officer of the REIT Manager.

Unitholding of holders of 5% or more interests

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

Long position in the Units:

		As at the Latest Practicable Date	
Name of Unitholders	**Nature of interest**	**Number of Units held**	**Approximate % of interest**
Standard Chartered Trust (Singapore) Limited *(Note 1)*	Interest of corporation controlled by the substantial shareholder	585,737,148	60.30
SCTS Capital Pte. Ltd. *(Note 2)*	Interest of corporation controlled by the substantial shareholder	585,737,148	60.30
Poppytown Group Limited *(Note 3)*	Interest of corporation controlled by the substantial shareholder	585,737,148	60.30
Chen Miaolin *(Note 4)*	Interest of corporation controlled by the substantial shareholder	585,737,148	60.30
Huge Harvest *(Note 5)*	Beneficial owner	585,737,148	60.30
Shanghai Summit Pte. Ltd. *(Note 6)*	Interest of corporation controlled by the substantial shareholder	139,450,000	14.36
Wealthy Fountain *(Note 7)*	Beneficial owner	139,450,000	14.36

Name of Unitholders	Nature of interest	As at the Latest Practicable Date Number of Units held	Approximate % of interest
Liu YongJuan (Note 8)	Interest of corporation controlled by the substantial shareholder	63,311,839	6.52
Ding An Investments Limited	Beneficial owner	63,311,839	6.52
Success Conquer Global Limited	Beneficial owner	49,026,800	5.05

Notes:

(1) Standard Chartered Trust (Singapore) Limited holds 100% of the interests of SCTS Capital Pte. Ltd. (Note 2). SCTS Capital Pte. Ltd., as nominee shareholder of Standard Chartered Trust (Singapore) Limited (as trustee of the irrevocable trusts), holds 100% of the interest of Poppytown Group Limited (Note 3), Capitilla Worldwide Limited and Litewait Worldwide Limited, which altogether hold 100% of the interests of Huge Harvest International Limited (Note 4). Hence, Standard Chartered Trust (Singapore) Limited has deemed interest in the Units held by Huge Harvest International Limited.

Standard Chartered Trust (Singapore) Limited is accustomed to act on the investment directions of Mr. Chen Miaolin (Note 5), Mr. Zhang Guanming (non-executive Director of the REIT Manager) and Mr. Chen Canrong (director of Zhejiang Spearhead Investment Limited* (浙江銳至投資股份有限公司)).

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.

(2) SCTS Capital Pte. Ltd., as nominee shareholder for Standard Chartered Trust (Singapore) Limited (as trustee of a irrevocable trust), holds 100% of the interests of Poppytown Group Limited (Note 3). Hence, SCTS Capital Pte. Ltd. has deemed interest in the Units held by Huge Harvest International Limited.

(3) Poppytown Group Limited holds 83.90% of the interests of Huge Harvest (Note 4). Hence, Poppytown Group Limited has deemed interest in the Units held by Huge Harvest.

(4) 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. Hence, Mr. Chen Miaolin has deemed interest in the Units held by Huge Harvest International Limited.

(5) Huge Harvest is a significant Unitholder (within the meaning of the REIT Code) of New Century REIT. Of the 585,737,148 Units, Huge Harvest held 35,485,984 Units via New Century Asset Management Limited, representing 3.65% of the Units issued by New Century REIT, as at the Latest Practicable Date.

(6) Shanghai Summit Pte. Ltd. holds 100% of the interests of Wealthy Fountain Holdings Inc. (Note 6). Hence, Shanghai Summit Pte. Ltd. has deemed interest in the Units held by Wealthy Fountain Holdings Inc.

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

(7) 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).

(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 officer 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 Disposal;

(ii) none of the REIT Manager, Directors or chief executive officer 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 officer 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' SERVICE CONTRACTS

As at the Latest Practicable Date, in relation to New Century REIT or any of its subsidiaries or associated companies, there is no service contract in force entered into between the REIT Manager and any of the Directors.

4. MATERIAL INTERESTS IN ASSETS, CONTRACTS, ARRANGEMENTS OR COMPETING BUSINESS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement which was subsisting at the Latest Practicable Date and which was significant in relation to the business of the New Century REIT Group:

(i) the master hotel lease and management agreement dated 14 June 2013 entered into between Zhejiang New Century Hotel Investment & Management Group Limited*(浙江開元酒店投資 管理集團有限公司)("**Zhejiang New Century Hotel**"), Zhejiang New Century Hotel Management Co., Ltd.*(浙江開元酒店管理股份有限公司)("**New Century Hotel Management**"), New Century Tourism and the REIT Manager with respect to New Century Grand Hotel Hangzhou*(杭州開元名都大酒店), New Century Hotel Xiaoshan Zhejiang*(浙江開元蕭山賓館), New Century Resort Qiandao Lake Hangzhou*(杭州千島湖 開元度假村), New Century Grand Hotel Ningbo*(寧波開元名都大酒店) and New Century Grand Hotel Changchun*(長春開元名都大酒店)(the "**Initial Hotel Properties**");

(ii) the hotel lease and management agreements dated 14 June 2013 entered into between Zhejiang New Century Hotel, Changchun New Century Spearhead Investment and Management Limited*(長春開元銳至投資管理有限公司), Ningbo New Century Spearhead Investment Limited*(寧波開元銳至投資有限公司), Chun'an Qiandao Lake New Century Spearhead Investment Limited*(淳安千島湖開元銳至投資有限公司), Zhejiang Spearhead Investment Limited*(浙江銳至投資股份有限公司) and New Century Hotel Management with respect to each of the Initial Hotel Properties;

(iii) the hotel lease agreement dated 29 June 2015 entered into between Kaifeng New Century Grand Hotel Limited*(開封開元名都大酒店有限公司), New Century Grand Hotel Kaifeng Management Company Limited*(開封開元名都酒店管理有限公司)(“**New Century Grand Hotel Kaifeng Management**”), New Century Tourism and the REIT Manager in respect of the lease of New Century Grand Hotel Kaifeng*(開封開元名都大酒店)(the “**Kaifeng Hotel**”);

(iv) the hotel management agreement dated 29 June 2015 entered into between New Century Grand Hotel Kaifeng Management and New Century Hotel Management in respect of the management of the Kaifeng Hotel;

(v) the deed of non-competition dated 14 June 2013 entered into between Mr. Chen Miaolin, Huge Harvest, the REIT Manager and the Trustee in relation to various undertakings for the purpose of minimizing possible conflicts of interest;

(vi) the deed of Hong Kong trademark licence dated 14 June 2013 entered into between Tecway Real Estate Limited(德威地產有限公司)(“**Tecway**”) and the REIT Manager in respect of the use of various trademarks registered in Hong Kong; and

(vii) the registered trademark transfer agreement dated 14 June 2013 entered into between Zhejiang New Century Hotel and New Century Hotel Management in respect of the exclusive right to use various trademarks registered in the PRC.

Mr. Zhang Guanming, a non-executive Director of the REIT Manager, is a minority shareholder of Huge Harvest (with a beneficial shareholding interest of 6.81%), its subsidiaries and affiliated companies (“**Huge Harvest Group**”). Furthermore, Mr. Zhang Guanming is a director of Huge Harvest and also a director of various companies in the Huge Harvest Group. New Century Hotel Management, New Century Tourism, New Century Grand Hotel Kaifeng Management and Tecway are all members of the Huge Harvest Group. By virtue of Mr. Zhang Guanming’s directorship and shareholding in Huge Harvest Group, Mr. Zhang Guanming is considered to be materially interested in the contract or arrangements as set out above.

As at the Latest Practicable Date, (i) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2018 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by, or leased to, any member of the New Century REIT Group, or which were proposed to be acquired or disposed of by, or leased to, any member of the New Century REIT Group; and (ii) 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.

5. 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.

6. WORKING CAPITAL

Taking into consideration the financial resources available to New Century REIT, including its internally generated funds and available financing facilities, the REIT Manager believes that New Century REIT has sufficient liquid assets to meet its working capital and operating requirements for the 12 month period commencing from the date of this Circular. To the extent that New Century REIT makes any acquisitions, it may be required to rely on external borrowings and/or equity or debt securities offerings to finance such acquisitions. The issue of additional equity or equity-linked securities may result in dilution to Unitholders.

7. INDEBTEDNESS

Bank and other borrowings

At the close of business on 31 August 2019, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the New Century REIT Group had total borrowings of approximately RMB2,127 million, all of which were secured by the New Century REIT Group's investment properties, bank and guaranteed deposits, trade receivables and equity interest of certain subsidiaries of the New Century REIT Group.

Save as disclosed above and apart from the intra-group liabilities, the New Century REIT Group did not have any loan capital issued and outstanding, nor had the New Century REIT Group agreed to issue any loan capital, bank overdrafts and liabilities under acceptances (other than normal trade bills) or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities, in each case as at the close of business on 31 August 2019.

8. EXPERTS AND CONSENTS

The Principal Valuer, the Reporting Accountant and the REIT Manager's Hong Kong legal advisers have given and have not withdrawn their written consent to the inclusion of their respective names in this Circular. Each of the parties above where relevant has also given their consent to the inclusion of its name in this Circular and/or its Appendices and all references thereto, in the form and context in which they are 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 are contained in this Circular.

Dechert	Hong Kong legal advisers
PricewaterhouseCoopers	Certified Public Accountants
Cushman & Wakefield Limited	An independent property valuer

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 direct or indirect interest in any assets which have been, since the date to which the latest published audited accounts of New Century REIT were prepared (being 31 December 2018), acquired or disposed of by or leased to any member of New Century REIT Group, or are proposed to be acquired or disposed of by or leased to any member of New Century REIT Group.

9. LITIGATION

As at the Latest Practicable Date, none of New Century REIT, any of its subsidiaries, the REIT Manager, or the Trustee (in its capacity as the trustee of New Century REIT) was involved in any litigation, or arbitration of material importance, and no litigation or claim of material importance was known to the Directors to be pending or threatened against New Century REIT, any of its subsidiaries, the REIT Manager, or the Trustee (in its capacity as the trustee of New Century REIT).

10. MATERIAL CONTRACTS

Except for the Share Purchase Agreement, no contract (not being a contract entered into in the ordinary course of business carried on or intended to be carried on by New Century REIT or any of its subsidiaries) has been entered into by any member of the New Century REIT Group within two years preceding the Latest Practicable Date and which are or may be material.

11. GENERAL

As at the Latest Practicable Date:

(i) the registered office of REIT Manager is situated at Unit 4706, 47th Floor, The Center, 99 Queen's Road Central, Hong Kong; and

(ii) the company secretary of the REIT Manager is Mr. Chan Chun Tung. He has been a certified public accountant of the Hong Kong Institute of Certified Public Accountants since March 2016.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at no charge during normal business hours at the registered office of REIT Manager at Unit 4706, 47th Floor, The Center, 99 Queen's Road Central, Hong Kong from 9:00 a.m. to 5:00 p.m. on Business Days, from the date of this Circular, up to and including 18 October 2019:

(i) the Trust Deed;

(ii) the Share Purchase Agreement;

(iii) the valuation report of Holiday Inn Eindhoven as set out in Appendix III to this Circular;

(iv) the Accountants' Reports in respect of the Target Company as set out in Appendix II to the Circular;

(v) the annual reports of New Century REIT for the three financial years ended 31 December 2018 and the 2019 Interim Report;

(vi) the written statement of adjustment dated 4 October 2019 signed by the reporting accountants setting out adjustments made in arriving at the figures shown in the Accountant's Report set out in Appendix II to this Circular;

(vii) the circular of New Century REIT dated 21 May 2019 in relation to, among others, (1) the 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;

(viii) the written consents from each of the experts referred to in the paragraph headed "Experts and consents" in this Appendix; and

(ix) this Circular.