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

(a Hong Kong collective investment scheme 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

VOLUNTARY ANNOUNCEMENT

BUSINESS UPDATE IN RELATION TO THE RECENT OUTBREAK OF NOVEL CORONAVIRUS (COVID-19)

This announcement is made by New Century Asset Management Limited (the “**REIT Manager**”), as manager of New Century Real Estate Investment Trust (“**New Century REIT**”) on a voluntary basis, for the purpose of keeping the unitholders (the “**Unitholders**”) and potential investors of New Century REIT informed of the latest business development of New Century REIT Group.

INITIAL HOTEL PROPERTIES

The Board has been notified by the Lessee that since the outbreak of the novel coronavirus pneumonia epidemic (the “**Epidemic**”), the provinces and municipalities in the PRC in which the Initial Hotel Properties are situated have activated level I (the highest-level response to major public health emergencies) and adopted various strict measures to curb the spread of the Epidemic. As part of the efforts to facilitate the prevention and containment of the Epidemic and ensure the health and safety of hotel customers and employees (the “**Containment Efforts**”), the Lessee has substantively suspended operations (as interpreted under the Master Hotel Lease and Management Agreement) of the Initial Hotel Properties since 25 January 2020. As a result of the Epidemic and the substantive suspension of operations of the Initial Hotel Properties, the force majeure clauses under the Master Hotel Lease and Management Agreement and the individual underlying hotel lease and management agreements have been triggered, and accordingly the annual base rent for the Initial Hotel Properties will be adjusted proportionately for the duration of the period of suspension.

On 2 March 2020, all the provinces and municipalities in the PRC in which the Initial Hotel Properties are situated have lowered the response level to level II. Consequently, operations at the Initial Hotel Properties have resumed on 3 March 2020. Operations at the Initial Hotel Properties were suspended for 38 days (the “**Suspension Period**”), which resulted in a downward adjustment of the base rent for the Initial Hotel Properties for the year ending 31 December 2020 by RMB20.77 million in aggregate from RMB200.00 million to RMB179.23 million (representing an approximately 10.39% decrease).

In addition, given that operations at the Initial Hotel Properties were substantively suspended during the Suspension Period, New Century REIT Group also did not receive any variable Individual Rents (which is calculated as 20% of the relevant Initial Hotel Property’s total monthly operating revenue plus 34% of the relevant Initial Hotel Property’s gross operating profit for the relevant month (or in the event of a gross operating loss, deduction of 34% of the relevant Initial Hotel Property’s gross operating loss for the relevant month), which shall in any event not fall below zero) for the corresponding period.

THE KAIFENG HOTEL

The Board has also been notified by the Kaifeng Hotel Lessee that since the outbreak of the Epidemic, the Henan province in the PRC (in which the Kaifeng Hotel is situated) has activated level I response and adopted various strict measures to curb the spread of the Epidemic. As part of the Containment Efforts, the Kaifeng Hotel Lessee has also substantively suspended operations (as interpreted under the Kaifeng Hotel Lease Agreement) of the Kaifeng Hotel since 25 January 2020. As a result of the Epidemic and the substantive suspension of operations of the Kaifeng Hotel, the force majeure clause under the Kaifeng Hotel Lease Agreement has been triggered, and accordingly the annual base rent for the Kaifeng Hotel shall be adjusted proportionately for the duration of the period of suspension.

As at the date of this announcement, the response level for the Henan province remains at level I and the operations of Kaifeng Hotel remain substantively suspended. As such, the Board is unable to quantify the impact of the reduction in base rent and variable individual rent for the Kaifeng Hotel as at the date of this announcement. For illustrative purposes only, the aggregate rental income generated from the Kaifeng Hotel represented approximately 6.72%, 7.21% and 7.75% of the total gross revenue of New Century REIT for each of the three financial years ended 31 December 2018.

It is expected that business operations at the Kaifeng Hotel will resume once the Henan province lowers the response level to level II.

Given the above, the REIT Manager is of the view that taking into account (i) the reduction in the base rent for the Initial Hotel Properties during the Suspension Period, (ii) the reduction in the Individual Rents during the Suspension Period, and (iii) the reduction in Kaifeng Hotel Base Rent and variable individual rent for the Kaifeng Hotel during the period of Kaifeng Hotel’s substantive operations suspension, it is expected that the financial results of New Century REIT for the six months ending 30 June 2020 will be adversely impacted.

The Board will continue to closely monitor the development of the Epidemic and assess its impact on New Century REIT Group's operations and financial performance, and will make further announcement(s) as and when appropriate or if there is any further material update as to the impact of the Epidemic on New Century REIT Group.

The information contained in this announcement is only based on the assessment made by the Board with reference to information currently available. Unitholders and potential investors are advised to exercise caution when dealing in the Units of New Century REIT.

DEFINITIONS

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

“Board”	means the board of Directors of the REIT Manager
“Directors”	means the directors of the REIT Manager, and each a “Director”
“Individual Rents”	means the rent payable under an underlying individual hotel lease and management agreement with respect to the Initial Hotel Properties
“Initial Hotel Properties”	means 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)
“Kaifeng Hotel”	means New Century Grand Hotel Kaifeng* (開封開元名都大酒店)
“Kaifeng Hotel Base Rent”	means a fixed amount of minimum annual rent payable under the Kaifeng Hotel Lease Agreement
“Kaifeng Hotel Lease Agreement”	means the lease agreement signed on 29 June 2015 between the Kaifeng Hotel Lessee, Kaifeng Hotel Lessor, the REIT Manager and New Century Tourism Group Limited in respect of Kaifeng Hotel
“Kaifeng Hotel Lessee”	means New Century Grand Hotel Kaifeng Management Company Limited* (開封開元名都酒店管理有限公司), being the lessee of the Kaifeng Hotel
“Kaifeng Hotel Lessor”	means Kaifeng New Century Grand Hotel Limited* (開封開元名都大酒店有限公司)

“Lessee”	means Zhejiang New Century Hotel Management Co., Ltd.* (浙江開元酒店管理股份有限公司), being the lessee of the Initial Hotel Properties
“Master Hotel Lease and Management Agreement”	means a framework agreement dated 14 June 2013, setting out general guidelines and principles for the individual underlying hotel lease and management agreements in relation to the Initial Hotel Properties
“New Century REIT Group”	means New Century REIT and other companies or entities held or controlled by New Century REIT
“PRC”	means the People’s Republic of China excluding, for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Unit(s)”	means unit(s) of New Century REIT

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

Hong Kong, 13 March 2020

As at the date of this announcement, the executive Director of the REIT Manager is Ms. Ho Wai Chu, the non-executive Directors of the REIT Manager are Mr. Jin Wenjie, Mr. Zhang Guanming, Mr. Tong JinQuan, and the independent non-executive Directors of the REIT Manager are Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin.

* for identification purposes only