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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**

### **ANNOUNCEMENT** **PROFIT WARNING**

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**”, together with its subsidiaries, “**New Century REIT Group**”) pursuant to 10.3 of the Code on Real Estate Investment Trusts.

Reference is also made to the announcements issued by the REIT Manager dated 13 and 20 March 2020 respectively in relation to the outbreak of novel coronavirus (the “**Announcements**”). Unless otherwise defined, capitalised terms used herein shall have the same meaning as those defined in the Announcements.

The board of directors (the “**Board**”) of the REIT Manager wishes to inform unitholders and potential investors of New Century REIT that based on the preliminary assessment of the unaudited management accounts of New Century REIT Group, it is expected that New Century REIT Group will incur a consolidated net loss attributable to unitholders for the six months ended 30 June 2020 in the range of approximately RMB470 million to RMB490 million (as compared to a consolidated net profit attributable to unitholders of approximately RMB8 million for the six months ended 30 June 2019).

The Board considered that the consolidated net loss attributable to unitholders for the six months ended 30 June 2020 is mainly attributable to: (i) the worldwide outbreak of the COVID-19 pandemic (the “**Epidemic**”) in the first half of 2020, resulting in: (a) the expected drop in valuation of New Century REIT Group’s investment properties (net of the deferred tax recognised) by approximately RMB384 million; and (b) the downward adjustment of the annual base rent for the Initial Hotel Properties and the Kaifeng Hotel Base Rent of approximately RMB24 million in aggregate due to the substantive suspension of operations at New Century REIT Group’s hotel properties as a result of the Epidemic (as further described in the Announcements); (ii) the expected increase in fair value loss of derivative financial instruments by approximately RMB30 million; and (iii) the expected increase in net finance costs by approximately RMB41 million.

Due to the factors mentioned above in this announcement (excluding (i) the expected drop in valuation of New Century REIT Group's investment properties (net of the deferred tax recognised) and (ii) the expected increase in fair value loss of derivative financial instruments which are both non-cash in nature), for the purpose of calculating New Century REIT's distributable income, it is also expected that New Century REIT Group will record an adjusted loss for the six months ended 30 June 2020 in the range of approximately RMB5 million to RMB15 million (as compared to a distributable income of approximately RMB38 million for the six months ended 30 June 2019). As such, the REIT Manager does not currently expect to declare any interim distribution for the six months ended 30 June 2020. The REIT Manager is of the view that the total distributable income of New Century REIT for the year ending 31 December 2020 may also be adversely impacted by the aforementioned factors. The Board will continue to closely monitor the operating results of New Century REIT Group and assess the impact on New Century REIT Group's distributable income and financial performance, and will make further announcement(s) as and when appropriate or if there is any further material update.

Due to the decrease in occupancy rate and revenue of New Century REIT Group's hotel properties for the first half of 2020 and the uncertainty of the Epidemic, it is expected that the appraised value of New Century REIT Group's investment properties as at 30 June 2020 will decrease when compared to that as at 31 December 2019. Based on the preliminary assessment by the Board and Cushman & Wakefield Limited (being the principal valuer of New Century REIT), the appraised value of New Century REIT Group's investment properties is expected to be approximately RMB4,100 million as of 30 June 2020 (representing a decline of approximately 11.1% when compared to the appraised value of RMB4,612 million as at 31 December 2019).

The Board expects that the announcement of the results of New Century REIT Group for the six months ended 30 June 2020 would be published on or around 25 August 2020. As New Century REIT is still in the process of finalizing the unaudited consolidated results of New Century REIT Group for the six months ended 30 June 2020, the information in this announcement is solely based on the preliminary assessment made by the Board with reference to the information currently available to the Board. There may be changes or adjustments following further review of the unaudited consolidated management accounts by the auditor of New Century REIT and the Board. The information in this announcement has not been reviewed by the auditor of New Century REIT or the audit committee of the Board.

**Unitholders and potential investors are advised to exercise caution when dealing in the Units 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, 28 July 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.*