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**HUGE HARVEST  
INTERNATIONAL LIMITED**  
浩豐國際有限公司  
*(incorporated in the British Virgin Islands  
with limited liability)*

  
**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**

## **JOINT ANNOUNCEMENT**

- (1) PROPOSED VERY SUBSTANTIAL DISPOSAL  
AND CONNECTED PARTY TRANSACTION;**
  - (2) PROPOSED TERMINATION, PROPOSED LIQUIDATION,  
PROPOSED DELISTING AND PROPOSED DEAUTHORISATION OF  
NEW CENTURY REIT;**
  - (3) PROPOSED INTERIM DISTRIBUTION;**
  - (4) APPLICATION OF NOTE 7 TO RULE 2 OF THE TAKEOVERS CODE  
AND COMMENCEMENT OF THE OFFER PERIOD;**
  - (5) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE;**
  - (6) APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER;**
  - (7) PAYMENT OF MANAGER'S FEE TO THE MANAGER;**
- AND**
- (8) RESUMPTION OF TRADING IN THE UNITS**

**Financial Adviser to  
HUGE HARVEST INTERNATIONAL LIMITED  
China Galaxy International Securities (Hong Kong) Co., Limited**



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

 **SOMERLEY CAPITAL LIMITED**

## **PROPOSED VERY SUBSTANTIAL DISPOSAL AND CONNECTED PARTY TRANSACTION**

The Board announces that on 26 January 2021, the Trustee (as the seller) and the Manager have respectively entered into the Agreement for the disposal of the Target Company and the Sale Loan to the Purchaser, who is a Substantial Holder of New Century REIT, for a consideration of approximately HK\$1,921,018,274 (equivalent to approximately RMB1,727,686,995). The Consideration represents a premium of 3.3% over the unaudited combined net asset value of the Disposed Group of approximately RMB1,672.8 million (equivalent to approximately HK\$1,860.0 million) as at 30 June 2020. Following Completion, New Century REIT will cease to hold any interest in the Disposed Group.

## **PROPOSED TERMINATION, PROPOSED LIQUIDATION, PROPOSED DELISTING AND PROPOSED DEAUTHORISATION**

Given the Disposed Group, upon completion of the Reorganisation, will contain all of the operating businesses and assets of the Group, the Board is of the view that following completion of the Proposed Disposal and the Proposed Interim Distribution, it is not anticipated that any assets will remain in New Century REIT, save for the remaining cash for the purpose of payment of the Disposal Costs in an estimated amount of not exceeding HK\$15.0 million (equivalent to approximately RMB13.5 million). Accordingly, New Century REIT would have no remaining operating real estate assets to fulfil the criteria for operating as a REIT in accordance with the REIT Code and therefore, New Century REIT should be terminated in accordance with the REIT Code, the Units should consequentially be delisted from trading on the Stock Exchange and New Century REIT should be deauthorised in accordance with applicable regulatory requirements. As the termination and the consequential liquidation and delisting are natural results of the Proposed Disposal, the Board understands that the Proposed Disposal should be treated as part and parcel of the Proposed Termination, the Proposed Liquidation and the Proposed Delisting. The Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are subject to the Unitholders' approval by the Approval Threshold at the EGM.

The Board proposes, following the Proposed Termination becoming effective, to liquidate New Century REIT in accordance with the Trust Deed and the REIT Code.

In compliance with 11.8 to 11.10 of the REIT Code and the Trust Deed, following termination of New Century REIT, the Trustee shall, as part of the process of liquidation of New Century REIT, oversee the realisation of any remaining assets of New Century REIT by the Manager and the Trustee shall ensure that the Manager shall repay any outstanding borrowings effected by or for the account of New Century REIT (together with any interest thereon but remaining unpaid) and shall ensure the proper discharge of all other obligations and liabilities of New Century REIT.

All the Unitholders whose names appear on the register of Unitholders on the record date (in respect of the final payment of proceeds (if any) derived from the Proposed Liquidation) will be entitled to participate on a pro-rata basis in any proceeds derived from the Proposed Liquidation available for distribution to the Unitholders after any creditors and the costs of the winding up have been paid (including those arising from the realisation of any remaining assets of New Century REIT referred to in the preceding paragraph). Save for the remaining cash for the purpose of payment of the Disposal Costs in an estimated amount of HK\$15.0 million, it is not anticipated that any assets will remain in New Century REIT following the completion of the Proposed Disposal and the Proposed Interim Distribution. In the event that the Disposal Costs exceed HK\$15.0 million, Huge Harvest has undertaken to New Century REIT to bear any Disposal Costs exceeding such amount of HK\$15.0 million.

### **PROPOSED INTERIM DISTRIBUTION AND 2020 ANNUAL DISTRIBUTION**

The Board has resolved, subject to Completion, for the aggregate of the Consideration and the Cash Reserves, less the Disposal Costs, to be distributed within seven Business Days after Completion pursuant to Rule 20.1 of the Takeovers Code on a pro rata basis to the Unitholders whose names appear on the register of Unitholders on the record date (details of the record date and the book closure period will be disclosed in the Circular) in cash by way of the Proposed Interim Distribution (except for the Purchaser and the Manager which have agreed to offset their respective entitlement against the Consideration pursuant to the Agreement) in accordance with the Trust Deed and the REIT Code. The Proposed Interim Distribution will comprise HK\$2.000 for every Unit.

Pursuant to 7.12 of the REIT Code, New Century REIT shall distribute to its Unitholders as dividends each year an amount not less than 90% of its audited annual net income after tax. As set out in New Century REIT's announcement dated 20 January 2021, based on the preliminary assessment of the unaudited management accounts of New Century REIT Group, the Board does not currently expect that New Century REIT will record any distributable income or to declare any final distribution for the year ended 31 December 2020. However, in the event where, based on New Century REIT's audited financial statements for the year ended 31 December 2020, New Century REIT shall have any audited annual net income after tax for the year ended 31 December 2020, the Manager shall declare and pay the 2020 Annual Distribution to Unitholders in compliance with 7.12 of the REIT Code. Under such circumstances, Huge Harvest has undertaken that, should New Century REIT not have sufficient cash to fulfill such obligations under Rule 7.12 of the REIT Code after the payment of the Proposed Interim Distribution and setting aside the Disposal Costs of HK\$15.0 million, it will bear the obligation to pay the 2020 Annual Distribution (if any). For the avoidance of doubt, the 2020 Annual Distribution will not be deducted from the Proposed Interim Distribution in the event that the 2020 Annual Distribution is declared and paid.

## **FINANCIAL RESOURCES**

China Galaxy has been appointed as the financial adviser to Huge Harvest. China Galaxy is satisfied that (i) sufficient financial resources are available to Huge Harvest for the payment of the Cash Consideration for the Proposed Disposal in full, and (ii) taking into account the Cash Consideration (net of the Disposal Costs) and the Cash Reserves, sufficient financial resources are available to New Century REIT for the payment of the Proposed Interim Distribution in full.

## **IMPLICATIONS UNDER THE REIT CODE, THE TRUST DEED, THE LISTING RULES AND THE TAKEOVERS CODE**

### **Application of Note 7 to Rule 2 of the Takeovers Code and commencement of the Offer Period**

Pursuant to Note 7 to Rule 2 of the Takeovers Code, if a company proposes to dispose of its assets and there is a proposal to withdraw the company's listing on the Stock Exchange, the Executive would normally apply Rule 2.10 and other requirements of the Takeovers Code. Therefore, the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting would need to be approved by the Approval Threshold.

Pursuant to the Takeovers Code, the Offer Period has commenced on the date of this joint announcement.

### **Independent Unitholders' approval required**

Clause 15 of the Trust Deed requires any connected party transaction to be carried out in accordance with the provisions of the REIT Code and any conditions (including any conditions of waivers or exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under 8.1 of the REIT Code, connected persons of New Century REIT include, among others, a Substantial Holder and its associated companies. Huge Harvest has an effective interest in more than 10% of the Units and therefore is a Substantial Holder of New Century REIT. Accordingly, the Proposed Disposal constitutes a connected party transaction of New Century REIT under 8.5 of the REIT Code. As such, the Proposed Disposal is subject to the reporting, announcement and Independent Unitholders' approval requirements under 8.7A of the REIT Code. 8.7A of the REIT Code requires all connected party transactions to be regulated with reference to Chapter 14A of the Listing Rules.

Further, pursuant to 11.1 of the REIT Code, termination of the scheme shall be subject to Unitholders' approval by special resolution at the EGM. As the termination and the consequential liquidation and delisting are natural results of the Proposed Disposal, the Proposed Disposal should be treated as part and parcel of the Proposed Termination, the Proposed Liquidation and the Proposed Delisting. Therefore, the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are subject to the Independent Unitholders' approval by the Approval Threshold at the EGM.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Disposal is more than 75%, the Proposed Disposal constitutes a very substantial disposal transaction of New Century REIT and accordingly, are subject to the reporting, announcement and Unitholders' approval requirements under 10.10B of the REIT Code and Chapter 14 of the Listing Rules as if applicable to REITs.

### **Restrictions on voting**

8.7F of the REIT Code requires that where a Unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting at the general meeting. Under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the transaction tabled for approval at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his/her/its Units at, or being counted in the quorum for, such meeting.

Therefore, in compliance with the REIT Code, the Listing Rules, the Takeovers Code and the Trust Deed, the Board proposes to submit the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting for the Independent Unitholders' approval at the EGM by way of a combined resolution and will apply the Approval Threshold to the combined resolution. Huge Harvest and the Purchaser Concert Parties (including the Manager, Mr. Jin Wenjie (being the chairman and a non-executive Director of the Manager) and Ms. Ho Wai Chu (being the chief executive officer and an executive Director of the Manager)) will abstain from voting at the EGM in respect of the resolutions in relation to the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting.

### **INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin, being the three independent non-executive directors of the Manager) has been formed to advise the Independent Unitholders as to whether the Proposals are, in each case, fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business, and in the interests of New Century REIT, the Independent Unitholders and the Unitholders as a whole and to make recommendations to the Independent Unitholders as to voting. Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Proposals. Mr. Jin Wenjie (being a non-executive Director) and Mr. Zhang Guanming (being a non-executive Director and a director of Huge Harvest), are presumed to be acting in concert with the Purchaser. Accordingly, they are regarded as being interested in the Proposals for the purpose of Rule 2.8 of the Takeovers Code and are hence not members of the Independent Board Committee.

The Manager has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Proposals. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

## **PAYMENT OF MANAGER'S FEE TO THE MANAGER**

In accordance with the terms of the Trust Deed, the Manager had notified the Trustee in writing of its election for the Base Fee and Variable Fee for the year ended 31 December 2020 and the year ending 31 December 2021 to be paid to the Manager wholly in the form of Units. Pursuant to the terms of the Agreement, Huge Harvest shall not, and shall procure the Manager not to, issue any Units or securities convertible into Units, in the period commencing on the date of the Agreement and ending on the date of payment of the Proposed Interim Distribution. Accordingly, the Manager has agreed to waive the Base Fee and Variable Fee for the period from 1 July 2020 to 31 December 2020 and the year ending 31 December 2021 should Completion take place by no later than ten Business Days after 31 May 2021. On the other hand, if Completion does not take place by no later than ten Business Days after 31 May 2021, the Base Fee and Variable Fee for the for the period from 1 July 2020 to 31 December 2020 and the year ending 31 December 2021 will remain to be paid to the Manager wholly in the form of Units in accordance with the Manager's original elected method.

## **CIRCULAR**

The Circular containing, among other things: (1) a letter from the Board to the Unitholders containing details of the Proposals and other related matters (including, but not limited to, a timetable listing the relevant dates of the Proposals); (2) the opinion of the Independent Financial Adviser with respect to the Proposals; (3) the opinion of the Independent Board Committee with respect to the Proposals; (4) the Property Valuation Report; (5) the Accountants' Report; (6) the unaudited pro forma financial information of New Century REIT; and (7) the Notice of EGM, will be sent out to the Unitholders on or before 17 February 2021.

## **RESUMPTION OF TRADING IN THE UNITS**

At the request of the Manager, trading in the Units on the Stock Exchange has been halted from 9:00 a.m. on 27 January 2021 pending the release of this joint announcement. Application has been made by the Manager to the Stock Exchange for resumption of trading in the Units on the Stock Exchange with effect from 9:00 a.m. on 28 January 2021.

## **WARNING**

**Unitholders and potential investors should be aware that the Proposals is subject to the relevant conditions set out below being fulfilled (or, if applicable, waived) and may or may be not be completed or effected, as the case may be. Unitholders and potential investors are advised to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**



# 1 PROPOSED DISPOSAL AND CONNECTED PARTY TRANSACTION

The Board announces that on 26 January 2021, the Trustee (as the seller) and the Manager have respectively entered into the Agreement for the disposal of the Target Company and the Sale Loan to the Purchaser. Following Completion, New Century REIT will cease to hold any interest in the Disposed Group.

## 1.1 Terms of the Agreement

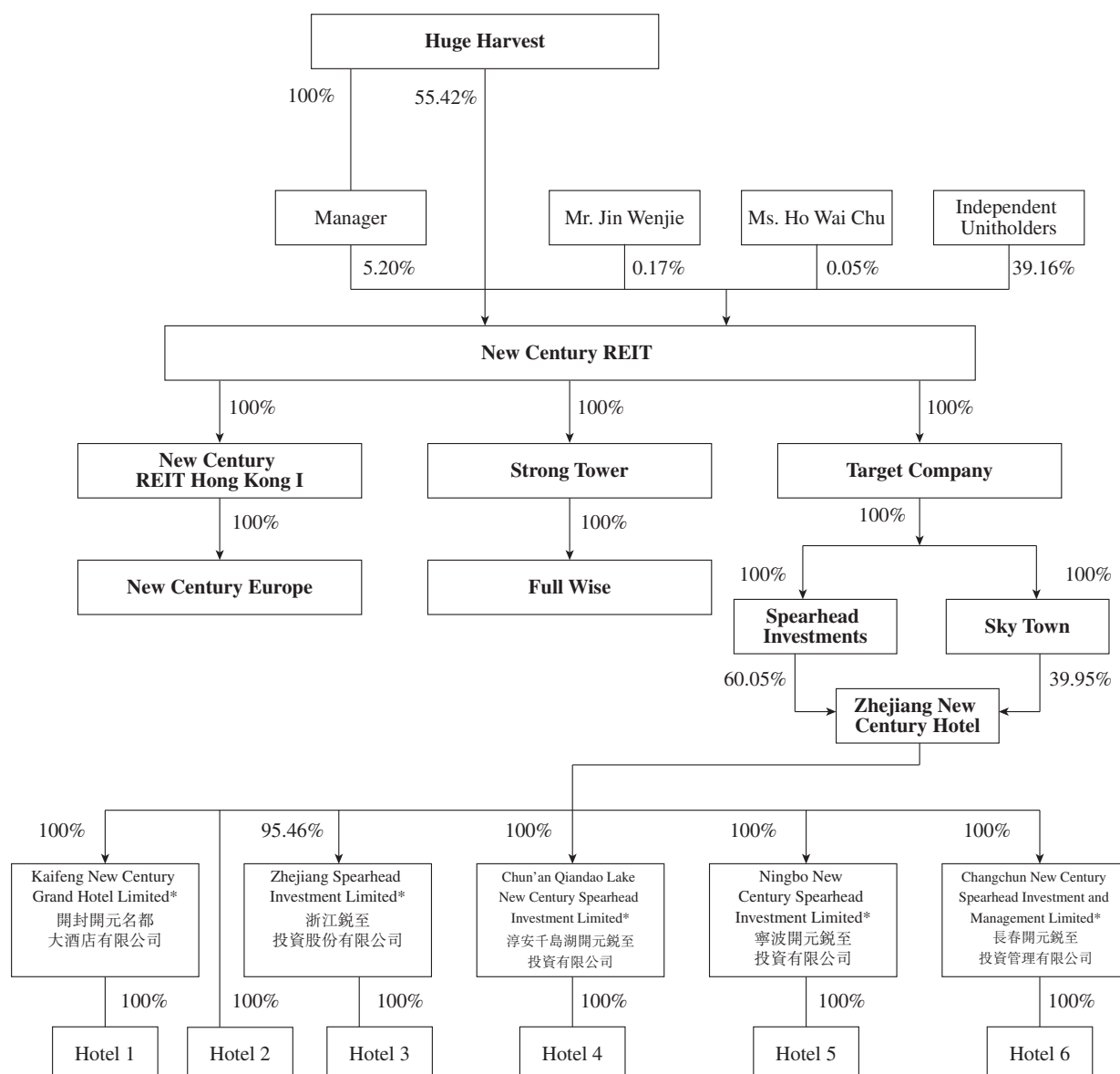
**1.1.1** Date: 26 January 2021

**1.1.2** Parties:

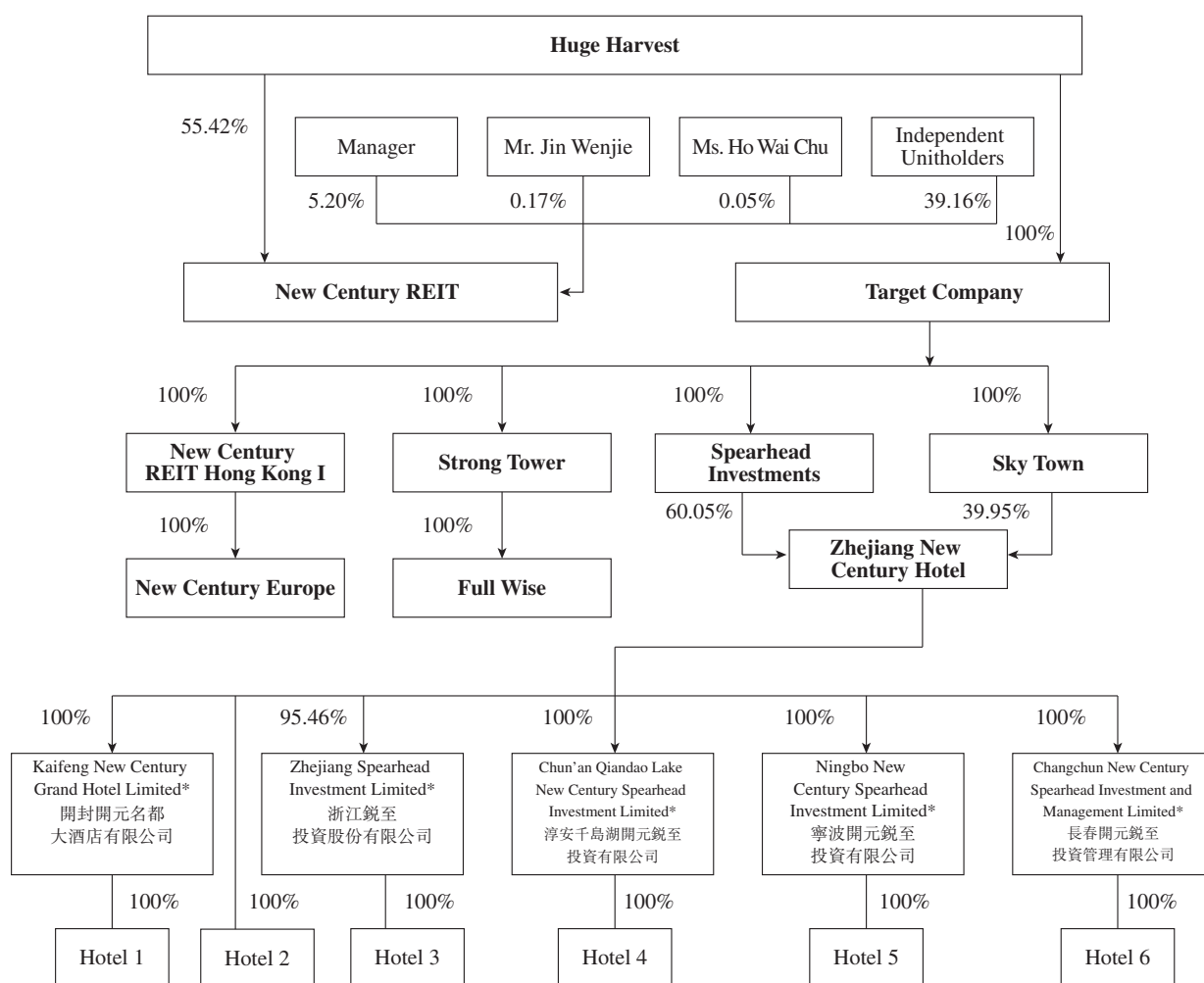
- (1) Seller: The Trustee, as trustee of New Century REIT
- (2) Manager: The Manager, as manager of New Century REIT
- (3) Purchaser: Huge Harvest

## 1.2 Unitholding Charts

The chart below shows a simplified unitholding structure of New Century REIT as at the date of this joint announcement:



The chart below shows a simplified unitholding structure of New Century REIT and the Disposed Group after the completion of the Reorganisation and upon Completion:



### 1.3 Assets being disposed of

#### 1.3.1 Subject assets

Pursuant to the Agreement, the Purchaser has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares and the Sale Loan. The outstanding amount of the Sale Loan as at the date of this joint announcement and the Completion Date shall be EUR2,936,677 (equivalent to approximately HK\$25,494,129).



### ***1.3.2 Reorganisation***

The Reorganisation will be implemented in order to consolidate Strong Tower and New Century REIT Hong Kong I under the Target Company prior to Completion. The Reorganisation will involve the acquisitions of all issued shares in the share capital of each of Strong Tower and New Century REIT Hong Kong I by the Target Company prior to Completion, which as a result, the Target Company will hold all issued shares in the share capital of each of Strong Tower and New Century REIT Hong Kong I and the Disposed Group will therefore contain all of the operating businesses and assets of the Group.

## **1.4 Consideration and payment of Consideration**

### ***1.4.1. Consideration***

The total consideration for the Proposed Disposal is HK\$1,921,018,274 (equivalent to approximately RMB1,727,686,995), comprising of HK\$1,895,524,145 (equivalent to approximately RMB1,704,758,595) for the sale of the Sale Shares and HK\$25,494,129 (equivalent to approximately RMB22,928,400) for the sale of the Sale Loan.

The Consideration has been determined by arm's length negotiation between the Manager (on behalf of New Century REIT) and the Purchaser with reference to (i) the unaudited combined net asset value of the Disposed Group of approximately RMB1,672.8 million (equivalent to approximately HK\$1,860.0 million) as at 30 June 2020 (which also comprised the appraised valuation of the investment properties of New Century REIT (i.e. the Hotel Properties) as at 30 June 2020), which was readily available as at the date of this joint announcement), (ii) the performance and prospects of the Disposed Group and (iii) the historical Unit price performance of New Century REIT. The Consideration represents a premium of 3.3% over the unaudited combined net asset value of the Disposed Group as at 30 June 2020. The appraised value of New Century REIT's investment properties as at 30 November 2020 will be included in the Circular for Unitholders' reference. The relevant premium or discount of the Consideration over the combined net asset value (which would include the appraised value of the investment properties as at 30 November 2020) of the Disposed Group would also be set out in the Circular for the Unitholders' deliberation of the Proposed Disposal.

Subject to Completion, the amount of HK\$1,197,827,602 (equivalent to approximately RMB1,077,278,232), being the entitlement of Huge Harvest and the Manager to the Proposed Interim Distribution based on their respective unitholding of New Century REIT as at the date of this joint announcement, shall be deducted by the Purchaser from the total Consideration payable to the Seller at Completion for the purpose of offsetting such entitlement, and the remaining balance in the amount of HK\$723,190,672 (equivalent to approximately RMB650,408,763) shall be paid by the Purchaser to the Seller at Completion in cash. The Purchaser has undertaken that it shall not, and shall procure the Manager not to, change their respective unitholding in New Century REIT during the period commencing on the date of the Agreement and ending on the date of payment of the Proposed Interim Distribution.

#### ***1.4.2. Conditions Precedent***

Completion is subject to and conditional upon satisfaction of the following Conditions:

- (a) approval having been obtained for (i) the Agreement and the transactions contemplated therein; (ii) the Proposed Termination and the Proposed Liquidation of New Century REIT in accordance with the REIT Code; and (iii) the Proposed Delisting of Units from trading on the Stock Exchange, being approved by the Approval Threshold, in accordance with the requirements of the Trust Deed, the Takeovers Code, the REIT Code and applicable laws;
- (b) all necessary licences, consents, approvals, authorisations, permissions, waivers, orders, exemptions or notifications of, among others, creditors of the Group Companies, other relevant third parties and/or governmental or regulatory authorities or bodies, which are required for the execution and performance of the Agreement and the transactions contemplated thereunder having been obtained and not having been revoked prior to Completion;
- (c) no relevant governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the transactions contemplated under the Agreement;
- (d) the supplemental agreement to each of the Master Hotel Lease and Management Agreement and the Kaifeng Hotel Lease Agreement, for the novation of the Manager as a party to the respective agreements to the Purchaser (or its nominee), having been duly entered into;
- (e) the warranties given by the Seller and the Manager remaining true and correct and not misleading in all material respects as if they were repeated at any time prior to Completion by reference to the facts and circumstances then subsisting;

- (f) the warranties given by the Purchaser remaining true and correct and not misleading in all material respects as if they were repeated at any time prior to Completion by reference to the facts and circumstances then subsisting;
- (g) no material adverse change in the business, operations, financial condition of the Group Companies and the Hotel Properties having occurred since the date of the Agreement;
- (h) the Reorganisation having been completed; and
- (i) the waiver from the requirements under Note 1 of 11.8 of the REIT Code having been granted by the SFC and not having been revoked prior to Completion.

The Purchaser may waive all or any of Conditions (d) to (e), and (g) above (either in whole or in part) at any time by notice to the Seller and the Manager, and the Seller and the Manager may waive Condition (f) above at any time by notice to the Purchaser. Each of the parties shall use reasonable endeavours to procure (so far as it is so able to procure) that the Conditions are satisfied on or before 31 May 2021. If all the Conditions are not fulfilled or (where permitted) waived on or before that date, the Agreement shall terminate (except for any accrued rights or liabilities of any party). As at the date of this joint announcement, none of the Conditions has been fulfilled and the Purchaser and the Seller have no intention to waive any of the Conditions.

The Purchaser is not aware of any necessary authorisations, consents and approvals of any government or governmental or regulatory body or court or institution in relation to the Proposed Disposal required as at the date of this joint announcement.

In addition, save for the consent from Industrial and Commercial Bank of China Limited, Macau Branch (“**ICBC Macau**”) in respect of the facility agreement dated 9 July 2020 entered into between the Target Company as borrower and ICBC Macau as lender, which has already been obtained, as at the date of this joint announcement, no other third party consent in relation to the Proposed Disposal is required pursuant to any agreement to which any member of the Group is a party and there are no other consents, approvals or authorisations as described under paragraph 1.4.2(b) in this joint announcement which are required.

Completion shall take place on the date falling within five Business Days after the date on which all the Conditions are satisfied or, where permitted, waived by the Purchaser or the Seller and the Manager (as the case may be) or at such other time and on such other date as the Seller, the Manager and the Purchaser may agree, but in any event no later than ten Business Days after the date on which all the Conditions are satisfied or, where permitted, waived by the Purchaser or the Seller and the Manager (as the case may be).

## **1.5 Financial Resources**

The total cash payment obligation of New Century REIT in relation to the Proposed Interim Distribution (as to HK\$778,190,672) and payment for the Disposal Costs (as to an estimated amount not exceeding HK\$15.0 million (equivalent to approximately RMB13.5 million)), in aggregate, is expected to be HK\$793,190,672 (equivalent to approximately RMB713,363,963). Out of the total cash payment obligation of HK\$793,190,672 (equivalent to approximately RMB713,363,963), HK\$723,190,672 (equivalent to approximately RMB650,408,763) would be financed by the Cash Consideration and the remaining balance of HK\$70,000,000 (equivalent to approximately RMB62,955,200) would be financed by the Cash Reserves.

Huge Harvest intends to finance the Cash Consideration through term loan facilities made available to Huge Harvest by China Merchant Bank, Bank of Shanghai and internal cash resources of Huge Harvest. As at the date of this joint announcement, New Century REIT have already deposited the Cash Reserves with an amount of HK\$70,000,000 (equivalent to approximately RMB62,955,200) in a designated bank account held with the Trustee.

China Galaxy has been appointed as the financial adviser to Huge Harvest. China Galaxy is satisfied that (i) sufficient financial resources are available to Huge Harvest for the payment of the Cash Consideration for the Proposed Disposal in full, and (ii) taking into account the Cash Consideration (net of the Disposal Costs) and the Cash Reserves, sufficient financial resources are available to New Century REIT for the payment of the Proposed Interim Distribution in full.

## **1.6 Use of Proceeds from the Proposed Disposal**

New Century REIT will distribute the aggregate of the Cash Consideration and the Cash Reserves, less the Disposal Costs, to the Unitholders as part of the Proposed Interim Distribution as described in the section headed “3 Proposed Interim Distribution and 2020 Annual Distribution” of this joint announcement.

## **2 PROPOSED TERMINATION, PROPOSED LIQUIDATION, PROPOSED DELISTING AND PROPOSED DEAUTHORISATION**

### **2.1 Rationale for the Proposed Termination, the Proposed Liquidation and the Proposed Delisting**

Given the Disposed Group, upon completion of the Reorganisation, will contain all of the operating businesses and assets of the Group, the Board is of the view that following completion of the Proposed Disposal and the Proposed Interim Distribution, it is not anticipated that any assets will remain in New Century REIT, save for the remaining cash for the purpose of payment of the Disposal Costs in an estimated amount of not exceeding HK\$15.0 million (equivalent to approximately RMB13.5 million). Accordingly, New Century REIT would have no remaining operating real estate assets to fulfil the criteria for operating as a REIT in accordance with the REIT Code and therefore, New Century REIT should be terminated and liquidated in accordance with the REIT Code and the Units should consequently be delisted from trading on the Stock Exchange and New Century REIT should be deauthorised in accordance with applicable regulatory requirements. As the termination and the consequential liquidation and delisting are natural results of the Proposed Disposal, the Board understands that the Proposed Disposal should be treated as part and parcel of the Proposed Termination, the Proposed Liquidation and the Proposed Delisting. The Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are subject to the Independent Unitholders' approval by the Approval Threshold at the EGM.

In compliance with the REIT Code, upon Independent Unitholders' approval of the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting, New Century REIT shall cease to create, cancel or sell Units. Trading in the Units on the Stock Exchange will be permitted for a specified period following the EGM, following which the Board intends to apply for a suspension of trading of Units on the Stock Exchange until New Century REIT is delisted. Details of the trading arrangement, including the last day of dealing in the Units and the latest time for lodging transfers of the Units to qualify for entitlement of the Proposed Interim Distribution will be included in the Circular.

## **2.2 Effective date and conditions to the Proposed Termination**

Subject to compliance with the REIT Code and the Trust Deed, the date of the Proposed Termination shall be the first Business Day following the satisfaction of all the below conditions:

- (a) the approval of the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting by the Independent Unitholders at the EGM;
- (b) the Completion; and
- (c) the payment of the Proposed Interim Distribution.

## **2.3 Details of the Proposed Liquidation**

The Board proposes, following the Proposed Termination becoming effective, to liquidate New Century REIT in accordance with the Trust Deed and the REIT Code.

In compliance with 11.8 to 11.10 of the REIT Code and the Trust Deed, following termination of New Century REIT, the Trustee shall, as part of the process of liquidation of New Century REIT, oversee the realisation of any remaining assets of New Century REIT by the Manager and the Trustee shall ensure that the Manager shall repay any outstanding borrowings effected by or for the account of New Century REIT (together with any interest thereon but remaining unpaid) and shall ensure the proper discharge of all other obligations and liabilities of New Century REIT.

All the Unitholders whose names appear on the register of Unitholders on the record date (in respect of the final payment of proceeds (if any) derived from the Proposed Liquidation) will be entitled to participate on a pro-rata basis in any proceeds derived from the Proposed Liquidation available for distribution to the Unitholders after any creditors and the costs of the winding up have been paid (including those arising from the realisation of any remaining assets of New Century REIT referred to in the preceding paragraph). Save for the remaining cash for the purpose of payment of the Disposal Costs in an estimated amount of HK\$15.0 million, it is not anticipated that any assets will remain in New Century REIT following the completion of the Proposed Disposal and the Proposed Interim Distribution. In the event that the Disposal Costs exceed HK\$15.0 million, Huge Harvest has undertaken to New Century REIT to bear any Disposal Costs exceeding such amount of HK\$15.0 million.

In accordance with Note 2 of 11.8 of the REIT Code, the Trustee shall ensure that the liquidation of New Century REIT is completed within 12 months from the effective date of the Proposed Termination. Where the Trustee considers it is in the best interests of the Unitholders, the liquidation of New Century REIT may be completed within such longer period (in total not to exceed 24 months) as the Trustee deems appropriate. Unitholders shall be informed by way of announcement in such event.

In compliance with 11.9 and 11.10 of the REIT Code, while New Century REIT is being wound up, it shall continue to prepare its annual report(s) and semi-annual report(s), and on completion of the liquidation of New Century REIT, the following shall be prepared:

- (a) the Manager's review and comments on the performance of New Century REIT, and an explanation as to how the investment properties have been disposed of, the transaction prices and major terms of the Proposed Disposal;
- (b) a report from the Trustee that the Manager has managed and liquidated New Century REIT in accordance with the REIT Code and the provisions of the Trust Deed (as applicable);
- (c) financial statements of New Century REIT; and
- (d) an auditors' report.

Further, in compliance with 11.11 of the REIT Code, copies of the audited financial statements of New Century REIT shall be distributed to Unitholders within three (3) months of the completion of the liquidation of New Century REIT and a copy shall be filed with the SFC.

## **2.4 Conditions to the Proposed Delisting**

Subject to the condition that the Proposed Termination and the Proposed Liquidation becomes effective, the Board will make an application to the Stock Exchange to withdraw the listing of the Units on the Stock Exchange for the purpose of the Proposed Delisting.

## **2.5 Assets Valuation of New Century REIT**

For the purpose of complying with Rule 11 of the Takeovers Code and 11.4(e) of the REIT Code, the Property Valuation Report will be despatched as an appendix to the Circular to provide a valuation of the investment properties of New Century REIT.



## 2.6 Alternatives available to Unitholders

In the event that the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are not approved by the Independent Unitholders, the Board will reconsider other strategic investment options for New Century REIT in accordance with its investment policy, objectives and strategy. There are currently no negotiations or agreements relating to another transaction, and there is no certainty that another transaction would be proposed or pursued by the Board.

## 3 PROPOSED INTERIM DISTRIBUTION AND 2020 ANNUAL DISTRIBUTION

The Board has resolved for the aggregate of the Consideration and the Cash Reserves, less the Disposal Costs, to be distributed within seven Business Days after Completion pursuant to Rule 20.1 of the Takeovers Code on a pro rata basis to the Unitholders whose names appear on the register of Unitholders on the record date (details of the record date and the book closure period will be disclosed in the Circular) in cash by way of the Proposed Interim Distribution (except for the Purchaser and the Manager which have agreed to offset their respective entitlement against the Consideration pursuant to the Agreement) in accordance with the Trust Deed and the REIT Code. As a result, the Proposed Interim Distribution will amount to HK\$1,976,018,274 (equivalent to approximately RMB1,777,151,795), of which the amount of HK\$1,197,827,602 (equivalent to approximately RMB1,077,278,232) payable by the Seller to the Purchaser and the Manager shall be offset against the Consideration, and the balance payment of HK\$778,190,672 (equivalent to approximately RMB699,873,563) in relation to the Proposed Interim Distribution would be distributed in cash to other Unitholders (save for the Purchaser and the Manager).

Pursuant to 7.12 of the REIT Code, New Century REIT shall distribute to its Unitholders as dividends each year an amount not less than 90% of its audited annual net income after tax. As set out in New Century REIT's announcement dated 20 January 2021 (the "**Profit Warning Announcement**"), based on the preliminary assessment of the unaudited management accounts of New Century REIT Group, the Board does not currently expect that New Century REIT will record any distributable income or to declare any final distribution for the year ended 31 December 2020. However, in the event where, based on New Century REIT's audited financial statements for the year ended 31 December 2020, New Century REIT shall have any audited annual net income after tax for the year ended 31 December 2020, the Manager shall declare and pay the 2020 Annual Distribution to Unitholders in compliance with 7.12 of the REIT Code. Under such circumstances, Huge Harvest has undertaken that, should New Century REIT not have sufficient cash to fulfill such obligations under Rule 7.12 of the REIT Code after the payment of the Proposed Interim Distribution and setting aside the Disposal Costs of HK\$15.0 million, it will bear the obligation to pay the 2020 Annual Distribution (if any). For the avoidance of doubt, the 2020 Annual Distribution will not be deducted from the Proposed Interim Distribution in the event that the 2020 Annual Distribution is declared and paid.

Pursuant to the Agreement, save for the Proposed Interim Distribution and the 2020 Annual Distribution (if any), the Manager will not declare, pay or make any other dividends or other distributions to the Unitholders from the date of the Agreement to the Completion Date.

The Proposed Interim Distribution will comprise HK\$2.000 in cash for every Unit.

For illustrative purposes, the following table sets out further details on and calculations in relation to the Proposed Interim Distributable payable to Unitholders and other cash payment obligations of New Century REIT:

*Proposed Interim Distribution payable*

	<i>HK\$</i>
Consideration	1,921,018,274
<i>Add:</i> Cash Reserves	70,000,000
<i>Less:</i> Disposal Costs	<u>(15,000,000)</u>
<b>Total Proposed Interim Distribution payable</b>	<b><u>1,976,018,274</u><sup>1 &amp; 2</sup></b>

*Sources of fund of the Proposed Interim Distribution*

	<i>HK\$</i>
(i) From the Consideration:	
Entitlement of Huge Harvest and the Manager to the Proposed Interim Distribution	1,197,827,602
Cash Consideration (A)	<u>723,190,672</u>
Sub-total	1,921,018,274
(ii) From Cash Reserves (B)	<u>55,000,000</u>
<b>Total Proposed Interim Distribution payable</b>	<b><u>1,976,018,274</u></b>

*Total cash payment obligations of New Century REIT*

	<i>HK\$</i>
Proposed Interim Distribution payable to Unitholders (other than Huge Harvest and the Manager) (A) + (B)	778,190,672
Disposal Costs	<u>15,000,000</u>
<b>Total cash payment obligations of New Century REIT</b>	<b><u>793,190,672</u><sup>3</sup></b>

*Notes:*

1. Of the total amount of the Proposed Interim Distribution payable by New Century REIT, Huge Harvest and the Manager are collectively entitled to an aggregate sum of HK\$1,197,827,602, whereas an aggregate sum of HK\$778,190,672 is payable to other Unitholders.
2. Based on there being 988,009,137 outstanding issued Units as at the date of this joint announcement, the Proposed Interim Distribution shall be HK\$2.000 for every Unit.
3. The total cash payment obligations of New Century REIT arising from the Proposals is therefore expected to be HK\$793,190,672, comprising (i) HK\$778,190,672 Proposed Interim Distribution payable to the Unitholders other than Huge Harvest and the Manager and (ii) the Disposal Costs in the estimated amount of HK\$15.0 million.

### 3.1. Comparisons of Value

The Proposed Interim Distribution of HK\$2.000 in value for each Unit represents:

- a premium of approximately 14.3% over the last trading price of HK\$1.750 per Unit as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 22.7% over the average closing price of approximately HK\$1.630 per Unit as quoted on the Stock Exchange for the past 5 trading days up to and including the Last Trading Date;
- a premium of approximately 34.0% over the average closing price of approximately HK\$1.493 per Unit as quoted on the Stock Exchange for the past 30 trading days up to and including the Last Trading Date;
- a premium of approximately 52.6% over the average closing price of approximately HK\$1.310 per Unit as quoted on the Stock Exchange for the past 60 trading days up to and including the Last Trading Date;
- a premium of approximately 61.6% over the average closing price of approximately HK\$1.238 per Unit as quoted on the Stock Exchange for the past 90 trading days up to and including the Last Trading Date;
- a premium of approximately 73.9% over the average closing price of approximately HK\$1.150 per Unit as quoted on the Stock Exchange for the past 180 trading days up to and including the Last Trading Date;
- a discount of approximately 22.0% over the audited consolidated net assets attributable to the Unitholders per Unit of approximately HK\$2.5635 as at 31 December 2019; and
- a premium of approximately 2.5% over the unaudited consolidated net assets attributable to the Unitholders per Unit of approximately HK\$1.9519 as at 30 June 2020 based on the total number of Units in issue as at the date of this joint announcement.

### ***Highest and Lowest Prices***

During the six months period immediately preceding the Last Trading Date, the highest closing price and the lowest closing price of Units as quoted on the Stock Exchange was HK\$1.750 per Unit on the Last Trading Date and HK\$1.020 per Unit on 28 July 2020, respectively.

### **3.2. Overseas Unitholders**

The Proposed Interim Distribution to Unitholders (except for the Purchaser and the Manager) not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Unitholders reside. Such Unitholders should take note of and observe any applicable legal, tax or regulatory requirements.

It is the responsibility of any overseas Unitholders wishing to accept the Proposed Interim Distribution to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with such acceptance (including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities) and the payment of any issue, transfer or other taxes due in any such jurisdiction.

## **4 FINANCIAL INFORMATION AND FINANCIAL IMPACT ON NEW CENTURY REIT IN RELATION TO THE PROPOSED DISPOSAL**

### **4.1. Financial Information on the Disposed Group**

Following the Completion, New Century REIT will cease to hold any interest in the Disposed Group which constitutes all of the operating businesses and assets of the Group. Since the Target Company has not completed the Reorganisation as at the date of this joint announcement, a summary of the audited financial information of the Target Company and its subsidiaries for each of the two financial years ended 31 December 2018 and 31 December 2019 and the unaudited financial information of each of Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries for each of the two financial years ended 31 December 2018 and 31 December 2019 are set out below:

#### *Target Company and its subsidiaries*

	<b>Year ended 31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Net profit/(losses) (before taxation and extraordinary items)	89,500	(85,612)
Net profit/(losses) (after taxation and extraordinary items)	5,216	(113,203)

*Strong Tower and its subsidiaries*

	Year ended 31 December	
	2018	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net profit/(losses) (before taxation and extraordinary items)	(11,158)	7,519
Net profit/(losses) (after taxation and extraordinary items)	(9,258)	7,519

*New Century REIT Hong Kong I and its subsidiaries*

	Year ended 31 December	
	2018	2019
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net profit/(losses) (before taxation and extraordinary items)	39,606	70,193
Net profit/(losses) (after taxation and extraordinary items)	29,731	69,000

Since the Target Company has not completed the Reorganisation as at the date of this joint announcement, the unaudited combined total assets and net asset value of the Target Company, Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries as at 30 June 2020 was RMB4,542,689,000 (equivalent to approximately HK\$5,051,024,000) and RMB1,672,845,000 (equivalent to approximately HK\$1,860,039,000), respectively.

8.7A of the REIT Code requires all connected party transactions to be regulated with reference to Chapter 14A of the Listing Rules and pursuant to Rules 14.58(6) and (7) and 14A.68 of the Listing Rules, New Century REIT is required to disclose the above financial information relating to the Disposed Group including each of Target Company, Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries in this joint announcement. Pursuant to Rule 10 of the Takeovers Code, the above unaudited financial information relating to the net profits of Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries for the years ended 31 December 2018 and 2019 (the “**Unaudited Financial Information**”), together with the profit estimate statements as disclosed and detailed in the Profit Warning Announcement (the “**Profit Warning**”), constitute profit estimates and should be reported on by the reporting accountants and the financial adviser of New Century REIT (the “**Reports**”) under Rule 10.4 of the Takeovers Code. However, due to the practical difficulties to include the Reports in this joint announcement in terms of the

additional time required for the preparation of the Reports by the reporting accountants and the financial adviser of New Century REIT, the Unaudited Financial Information and the Profit Warning are not strictly in compliance with the requirements of Rule 10 of the Takeovers Code. A full set of the accountants' reports relating to the Target Company, Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries prepared under Hong Kong Financial Reporting Standards, which will be in full compliance with the requirements of the Takeovers Code, and the Reports in respect of the Profit Warning, will be included in the Circular. Unitholders should note that there may be differences between the financial information relating to the Target Company, Strong Tower and New Century REIT Hong Kong I and their respective subsidiaries as presented in this joint announcement and the financial information to be presented in the Circular.

**New Century REIT would like to draw to the attention of the Unitholders and potential investors that the above Unaudited Financial Information and the Profit Warning do not meet the standard required by Rule 10 of the Takeovers Code and are subject to review by the reporting accountants of New Century REIT and therefore subject to change. Unitholders and potential investors should exercise caution in placing reliance on the above information in assessing the merits and demerits of the Proposals disclosed in this joint announcement and/or when dealing in the Units.**

#### **4.2. Financial Impact of the Proposed Disposal**

The Manager estimates the Disposal Costs to be not exceeding HK\$15.0 million (equivalent to approximately RMB13.5 million). Based on the Disposal Costs, the Consideration and the unaudited combined net asset value of the Disposed Group as at 30 June 2020, it is estimated that New Century REIT may record an unaudited disposal gain of approximately RMB18.0 million (equivalent to approximately HK\$20.0 million) on the Completion Date.

Further details on the financial information on the Disposed Group and the financial impact in relation to the Proposed Disposal will be disclosed in the Circular.

## **5 INFORMATION ON NEW CENTURY REIT, HUGE HARVEST AND THE DISPOSED GROUP**

### **5.1. New Century REIT**

New Century REIT is a Hong Kong collective investment scheme constituted as a unit trust authorized under section 104 of the SFO and was established under the Trust Deed between the Manager and the Trustee. New Century REIT and its subsidiaries are mainly engaged in the leasing of hotel properties in the PRC.

As at the date of this joint announcement, the Manager and the Trustee are New Century Asset Management Limited and DB Trustees (Hong Kong) Limited, respectively.

## ***Unitholding Structure of New Century REIT***

The table below sets out the unitholding structure of New Century REIT as at the date of this joint announcement and immediately upon Completion.

	As at the date of this joint announcement		Upon Completion	
	<i>Number of Units held</i>	<i>Approximate % of unitholding</i>	<i>Number of Units held</i>	<i>Approximate % of unitholding</i>
<i>Purchaser Concert Parties</i>				
Huge Harvest	547,551,164	55.42	547,551,164	55.42
Manager	51,362,637	5.20	51,362,637	5.20
Mr. Jin Wenjie <sup>1</sup>	1,679,000	0.17	1,679,000	0.17
Ms. Ho Wai Chu <sup>2</sup>	456,000	0.05	456,000	0.05
<b>Subtotal</b>	<b>601,048,801</b>	<b>60.84</b>	<b>601,048,801</b>	<b>60.84</b>
<i>Independent Unitholders</i>				
Skyline Horizon Consortium Ltd. ("Skyline Horizon") <sup>3</sup>	139,450,000	14.11	139,450,000	14.11
Other Independent Unitholders	247,510,336	25.05	247,510,336	25.05
<b>Subtotal</b>	<b>386,960,336</b>	<b>39.16</b>	<b>386,960,336</b>	<b>39.16</b>
<b>Total</b>	<b>988,009,137</b>	<b>100.00</b>	<b>988,009,137</b>	<b>100.00</b>

### *Notes:*

- As at the date of this joint announcement, Mr. Jin Wenjie is the chairman and a non-executive Director of the Manager.
- As at the date of this joint announcement, Ms. Ho Wai Chu is the chief executive officer and executive Director of the Manager.
- As at the date of this joint announcement, Skyline Horizon is indirectly wholly-owned by Mr. Tong JinQuan ("**Mr. Tong**"), being a former non-executive Director of the Manager. As set out in New Century REIT's announcement dated 31 July 2020, Mr. Tong had resigned as a non-executive Director of the Manager with effect from 31 July 2020 to focus on his other business and work commitments. Mr. Tong (i) was not nominated by Huge Harvest to act as Director of the Manager, (ii) is a third party independent of Huge Harvest, and (iii) is not a concert party to Huge Harvest or any of the Purchaser Concert Parties.

Save for his unitholding in New Century REIT (through Skyline Horizon), it is considered that Mr. Tong has no additional interest or other involvement in the Proposals other than being a Unitholder and his interests are aligned with that of all other Independent Unitholders. Accordingly, Mr. Tong is regarded as independent for the purposes of voting at the EGM and is not required to abstain from voting (through Skyline Horizon) on the Proposals.



## **5.2. Huge Harvest**

Huge Harvest is a company incorporated in the British Virgin Islands on 11 January 2008. Huge Harvest is an investment holding company and is a Substantial Holder of New Century REIT. Through its subsidiaries, Huge Harvest is principally engaged in hotel operation and management in the PRC. As at the date of this joint announcement, the board of directors of Huge Harvest comprises Mr. Zhang Guanming and Mr. Yeung Shun Tony.

Mr. Chen Miaolin is the only beneficiary of an irrevocable trust with SCTS Capital Pte. Ltd. as nominee shareholder. This irrevocable trust holds 100% of the interests of Poppytown Group Limited, which in turn holds approximately 83.90% of the interests in the Purchaser. Therefore, Mr. Chen Miaolin is effectively an ultimate beneficial owner of Huge Harvest.

Mr. Chen Canrong is the only beneficiary of an irrevocable trust with SCTS Capital Pte. Ltd. as nominee shareholder. This irrevocable trust holds 100% of the interests of Capitilla Worldwide Limited, which in turn holds approximately 9.29% of the interest in the Purchaser. Therefore, Mr. Chen Canrong is effectively an ultimate beneficial owner of Huge Harvest.

Mr. Zhang Guanming is the only beneficiary of an irrevocable trust with SCTS Capital Pte. Ltd. as nominee shareholder. This irrevocable trust holds 100% of the interests of Litewait Worldwide Limited, which in turn holds approximately 6.81% of the interest in the Purchaser. Therefore, Mr. Zhang Guanming is effectively an ultimate beneficial owner of Huge Harvest.

## **5.3. The Disposed Group**

The Target Company is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by New Century REIT. It is incorporated for the sole purpose of holding the entire issued share capital of Spearhead Investments and Sky Town and has no other business activities. Each of the Spearhead Investments and Sky Town is a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of the Target Company. Each of the Spearhead Investments and Sky Town is incorporated for the sole purpose of holding the entire equity interest in Zhejiang New Century Hotel and has no other business activities.

Zhejiang New Century Hotel is a foreign invested company incorporated in the PRC and is owned as to 60.05% by Spearhead Investments and 39.95% by Sky Town. Zhejiang New Century Hotel is incorporated for the sole purpose of holding the legal and beneficial title to the Hotel Properties.

The Hotel Properties are located in the PRC. New Century REIT indirectly through Zhejiang New Century Hotel wholly owns the legal and beneficial interest in Hotel 1, Hotel 2, Hotel 4, Hotel 5 and Hotel 6, and is interested in 95.46% of the entire share capital of Zhejiang Spearhead Investment Limited\* 浙江銳至投資股份有限公司, which in turn wholly owns the legal and beneficial interest in the Hotel 3.

Strong Tower is a limited liability company incorporated in the British Virgin Islands and is wholly-owned by New Century REIT. It is incorporated for the sole purpose of holding the entire issued share capital of Full Wise and has no other business activities or any material assets and liabilities except for certain intercompany balances. Full Wise is a limited liability company incorporated in Hong Kong and is wholly-owned by Strong Tower. It currently has no business activities or any material assets and liabilities except for certain intercompany balances.

New Century REIT Hong Kong I is a limited liability company incorporated in Hong Kong and is wholly-owned by New Century REIT. It is incorporated for the sole purpose of holding the entire issued share capital of New Century Europe and has no other business activities or any material assets and liabilities except for certain intercompany balances. New Century Europe is a limited liability company incorporated in Luxembourg and is wholly-owned by New Century REIT Hong Kong I. It currently has no business activities or any material assets and liabilities except for an escrow deposit of EUR1,500,000 (equivalent to approximately RMB11,711,400) in a notary's account to serve as a deposit for tax indemnity relating to the disposal of New Century Netherlands I B.V. by the Group that was completed on 28 November 2019 and certain intercompany balances.

## **6 IMPLICATIONS UNDER THE REIT CODE, THE TRUST DEED, THE LISTING RULES AND THE TAKEOVERS CODE**

### **Application of Note 7 to Rule 2 of the Takeovers Code and commencement of the Offer Period**

Pursuant to Note 7 to Rule 2 of the Takeovers Code, if a company proposes to dispose of its assets and there is a proposal to withdraw the company's listing on the Stock Exchange, the Executive would normally apply Rule 2.10 and other requirements of the Takeovers Code. Therefore, the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting would need to be approved by the Approval Threshold.

Pursuant to the Takeovers Code, the Offer Period has commenced on the date of this joint announcement and will end on the date of the Completion or the date on which the Proposals lapse.

## **Independent Unitholders' approval required**

Clause 15 of the Trust Deed requires any connected party transaction to be carried out in accordance with the provisions of the REIT Code and any conditions (including any conditions of waivers or exemptions from the operation of the REIT Code granted by the SFC from time to time) imposed by the SFC from time to time. Under 8.1 of the REIT Code, connected persons of New Century REIT include, among others, a Substantial Holder and its associated companies. Huge Harvest has an effective interest in more than 10% of the Units and therefore is a Substantial Holder of New Century REIT. Accordingly, the Proposed Disposal constitutes a connected party transaction of New Century REIT under 8.5 of the REIT Code. As such, the Proposed Disposal is subject to the reporting, announcement and Independent Unitholders' approval requirements under 8.7A of the REIT Code. 8.7A of the REIT Code requires all connected party transactions to be regulated with reference to Chapter 14A of the Listing Rules.

Further, pursuant to 11.1 of the REIT Code, termination of New Century REIT shall be subject to Unitholders' approval by special resolution at the EGM. As the termination and the consequential liquidation and delisting are natural results of the Proposed Disposal, the Proposed Disposal should be treated as part and parcel of the Proposed Termination, the Proposed Liquidation and the Proposed Delisting. Therefore, the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are subject to the Independent Unitholders' approval by the Approval Threshold at the EGM.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Proposed Disposal is more than 75%, the Proposed Disposal constitutes a very substantial disposal transaction of New Century REIT and accordingly, are subject to the reporting, announcement and Unitholders' approval requirements under 10.10B of the REIT Code and Chapter 14 of the Listing Rules as if applicable to REITs.

## **Restrictions on voting**

8.7F of the REIT Code requires that where a Unitholder has a material interest in the transaction tabled for approval, and that interest is different from that of all other Unitholders, such Unitholder shall abstain from voting at the general meeting. Under paragraph 3.2 of Schedule 1 to the Trust Deed, where a Unitholder has a material interest in the transaction tabled for approval at a meeting of Unitholders, and that interest is different from the interests of other Unitholders, such Unitholder shall be prohibited from voting his/her/its Units at, or being counted in the quorum for, such meeting.

Therefore, in compliance with the REIT Code, the Listing Rules, the Takeovers Code and the Trust Deed, the Board proposes to submit the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting for the Independent Unitholders' approval at the EGM by way of a combined resolution and will apply the Approval Threshold to the combined resolution. Huge Harvest and the Purchaser Concert Parties (including the Manager, Mr. Jin Wenjie (being the chairman and a non-executive Director of the Manager) and Ms. Ho Wai Chu (being the chief executive officer and an executive Director of the Manager)) will abstain from voting at the EGM in respect of the resolutions in relation to the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting.

## **Waiver from public auction requirement under the REIT Code**

Note (1) of 11.8 of the REIT Code requires all real estate held by the scheme to be disposed of through public auction or any form of open tender. An application for a waiver from strict compliance with the aforementioned public auction requirements under Chapter 11 of the REIT Code has been made to the SFC on the following conditions:

- (a) the consideration for the Proposed Disposal shall have been determined at the time Independent Unitholders were asked to approve the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting;
- (b) the consideration for the Proposed Disposal, together with the basis upon which the consideration is determined, has been disclosed in this joint announcement and will be disclosed in the Circular; and
- (c) the Letter from the Independent Board Committee and the Letter from the Independent Financial Adviser will be included in the Circular.

## **7 REASONS FOR AND BENEFITS OF THE PROPOSALS**

New Century REIT was constituted in June 2013 as the first PRC-based hotel REIT in the world to hold an investment portfolio of hotel assets primarily in the PRC. New Century REIT focused its strategy on investing on a long-term basis in a diversified portfolio of income-producing real estate globally, with the aim of delivering regular, stable and high distributions to the Unitholders and achieving long-term growth in distributions and portfolio valuation while maintaining an appropriate capital structure.

However, the hospitality industry in PRC has been challenging in recent years and is expected to be challenging in the foreseeable future given the novel coronavirus pneumonia pandemic. For illustration purpose, the total distributable income for New Century REIT has decreased from approximately RMB108.7 million (equivalent to approximately HK\$120.9 million) for the year ended 31 December 2017 to approximately RMB51.0 million (equivalent to approximately HK\$56.7 million) and approximately RMB68.9 million (equivalent to approximately HK\$76.6 million) for the years ended 31 December 2018 and 2019 respectively. For the six months ended 30 June 2020, New Century REIT recorded an adjusted loss of approximately RMB7.0 million (equivalent to approximately HK\$7.8 million). As a result, total distributions to Unitholders have decreased from approximately RMB130.9 million (equivalent to approximately HK\$145.5 million) for the year ended 31 December 2017 to approximately RMB95.9 million (equivalent to approximately HK\$106.6 million) and approximately RMB62.0 million (equivalent to approximately HK\$68.9 million) for the years ended 31 December 2018 and 2019 respectively, and no distributions were paid for the six months ended 30 June 2020.

Further, since the listing of New Century REIT in July 2013, New Century REIT's market capitalization has decreased by approximately 58.4% from approximately HK\$2,717.4 million (equivalent to approximately RMB2,443.9 million) on the first trading day to approximately HK\$1,130.0 million (equivalent to approximately RMB1,016.3 million), being the average market capitalization as quoted on the Stock Exchange for the past 180 trading days up to and including the Last Trading Date and was as at the Last Trading Date trading at a discount of approximately 10.3% to its net asset value attributable to Unitholders per Unit of approximately RMB1.7555 as at 30 June 2020 (equivalent to approximately HK\$1.9519) based on the total number of Units in issue as at the date of this joint announcement. There is also limited liquidity in the Units with an average daily trading value of approximately HK\$57,400 in the past three years prior to the Last Trading Date, representing approximately 0.004% of the average market capitalization of New Century REIT during the same period. Such low liquidity hinders the ability of the Manager to raise funds from public equity market which no longer serves as a viable source of funding for developing the New Century REIT's business and at the same time deters the Unitholders from realizing its Units on open market.

As such, the Board is of the view that the Proposals will provide the Independent Unitholders with an opportunity to realise their investments in New Century REIT for cash at a premium to the trading price of the Units. The Proposed Interim Distribution of HK\$2.000 per Unit represents (i) a premium of approximately 14.3% over the last trading price of HK\$1.750 per Unit as quoted on the Stock Exchange on the Last Trading Date; (ii) a premium of approximately 34.0%, 61.6% and 73.9% over the average closing price as quoted on the Stock Exchange for the past 30, 90 and 180 trading days up to and including the Last Trading Date respectively; and (iii) a premium of approximately 2.5% over the unaudited consolidated net assets attributable to the Unitholders per Unit of approximately HK\$1.9519 as at 30 June 2020 based on the total number of Units in issue as at the date of this joint announcement.

## **8 DIRECTORS' AND TRUSTEE'S VIEWS**

### **Opinion of the Board**

The Directors (other than members of the Independent Board Committee who will express their view after receiving advice from the Independent Financial Adviser), having considered various factors, are of the view that the Proposed Disposal, the Proposed Termination, the Proposed Liquidation, the Proposed Delisting and the Proposed Interim Distribution are fair and reasonable and in the interests of the New Century REIT, the Independent Unitholders and the Unitholders as a whole.

## **Opinion of the Trustee**

Based and in sole reliance on the information and assurances provided by the Manager, and noting that advice from the Independent Financial Adviser on the Proposals shall be sought and disclosed in the Circular, the Trustee presently has no objection to the entering into of the transactions contemplated under the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting and is of the view that (save for the public auction requirement under Note (1) of 11.8 of the REIT Code as disclosed in this joint announcement and in respect of which an application for a waiver from strict compliance with the said requirement has been made to the SFC) the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are in compliance with the REIT Code and the Trust Deed. The Trustee will further consider the Proposals after reviewing the Independent Financial Adviser's conclusions on the same, and having regard to such conclusions, will re-confirm and/or supplement its foregoing view in the Circular. In compliance with 8.7D and Note (2) to 10.5 of the REIT Code, the Trustee will provide its view in the Circular as to whether: (i) the Trustee has any objection to the entering into of the transactions contemplated under the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting; (ii) the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting are consistent with the investment policy of New Century REIT and in compliance with the REIT Code and the Trust Deed; and (iii) the Proposed Disposal is on normal commercial terms, fair and reasonable and in the interests of the Unitholders as a whole.

## **9 INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee (comprising Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin, being the three independent non-executive directors of the Manager) has been formed to advise the Independent Unitholders as to whether:

- (a) the terms of the Proposed Disposal (as a connected party transaction) are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business, and in the interests of New Century REIT, the Independent Unitholders and the Unitholders as a whole, and as to voting at the EGM; and
- (b) the Proposed Termination, the Proposed Liquidation, the Proposed Delisting and the Proposed Interim Distribution are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business, and in the interests of New Century REIT, the Independent Unitholders and the Unitholders as a whole, and as to voting at the EGM.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive Directors who have no direct or indirect interest in the Proposals. Mr. Jin Wenjie (being a non-executive Director) and Mr. Zhang Guanming (being a non-executive Director and a director of Huge Harvest), are presumed to be acting in concert with the Purchaser. Accordingly, they are regarded as being interested in the Proposals for the purpose of Rule 2.8 of the Takeovers Code and are hence not members of the Independent Board Committee.



The recommendations of the Independent Board Committee (as to whether each of the Proposals is fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business and in the interests of New Century REIT, the Independent Unitholders and the Unitholders as a whole and to make recommendations to the Independent Unitholders as to voting) will be set out in the Circular.

The Manager has appointed Somerley Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee in respect of the Proposals. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

## **10 PAYMENT OF MANAGER'S FEE TO THE MANAGER**

Reference is made to the announcements of New Century REIT dated 30 December 2019 and 2020, respectively. In accordance with the terms of the Trust Deed, the Manager had notified the Trustee in writing of its election for the Base Fee and Variable Fee for the year ended 31 December 2020 and the year ending 31 December 2021 to be paid to the Manager wholly in the form of Units. Pursuant to the terms of the Agreement, Huge Harvest shall not, and shall procure the Manager not to, issue any Units or securities convertible into Units, in the period commencing on the date of the Agreement and ending on the date of payment of the Proposed Interim Distribution. Accordingly, the Manager has agreed to waive the Base Fee and Variable Fee for the period from 1 July 2020 to 31 December 2020 and the year ending 31 December 2021 should Completion take place by no later than ten Business Days after 31 May 2021. On the other hand, if Completion does not take place by no later than ten Business Days after 31 May 2021, the Base Fee and Variable Fee for the period from 1 July 2020 to 31 December 2020 and the year ending 31 December 2021 will remain to be paid to the Manager wholly in the form of Units in accordance with the Manager's original elected method.

## **11 CIRCULAR**

The Circular containing, among other things: (1) a letter from the Board to the Unitholders containing details of the Proposals and other related matters (including, but not limited to, a timetable listing the relevant dates of the Proposals); (2) the opinion of the Independent Financial Adviser with respect to the Proposals; (3) the opinion of the Independent Board Committee with respect to the Proposals; (4) the Property Valuation Report; (5) the Accountants' Report; (6) the unaudited pro forma financial information of New Century REIT; and (7) the Notice of EGM, will be sent out to the Unitholders on or before 17 February 2021.



## **12 UNITHOLDING STRUCTURE OF NEW CENTURY REIT AND ARRANGEMENTS MATERIAL TO THE PROPOSALS**

As at the date of this joint announcement, New Century REIT has 988,009,137 Units in issue and New Century REIT has no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) other than its issued Units of 988,009,137 Units.

Huge Harvest confirms that as at the date of this joint announcement:

- (a) Huge Harvest beneficially owns, controls or have direction over 547,551,164 Units, representing approximately 55.42% of the issued Units;
- (b) Huge Harvest and the Purchaser Concert Parties beneficially own, control or have direction over 601,048,801 Units, representing approximately 60.84% of the issued Units;
- (c) save for a total of 601,048,801 Units (representing approximately 60.84% of the total number of issued Units) held by Huge Harvest and the Purchaser Concert Parties, Huge Harvest and the Purchaser Concert Parties do not hold, own, control or direct any Units, options, derivatives, warrants or other securities convertible into Units;
- (d) the Independent Unitholders beneficially own, control or have direction over 386,960,336 Units, representing approximately 39.16% of the issued Units;
- (e) Huge Harvest and the Purchaser Concert Parties have not entered into any arrangements or contracts in relation to the derivatives in respect of securities in New Century REIT;
- (f) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in New Century REIT which Huge Harvest or any Purchaser Concert Parties has borrowed or lent;
- (g) there is no special deal (as defined under Rule 25 of the Takeovers Code) between Huge Harvest and the Purchaser Concert Parties on one hand and the Independent Unitholders on the other hand; and
- (h) other than the Consideration, Huge Harvest and the Purchaser Concert Parties have not paid or will not pay any other consideration, compensations or benefits in whatever form to the Independent Unitholders in relation to the Proposed Disposal.

As at the date of this joint announcement:

- (a) save for the Proposals, there are no arrangements (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of Huge Harvest or the Units it holds which might be material to the Proposed Disposal;
- (b) there is no agreement or arrangement to which Huge Harvest or any Purchaser Concert Party is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposed Disposal; and
- (c) Huge Harvest and the Purchaser Concert Parties have not received any irrevocable commitment to vote in favour of the Proposed Disposal.

As at the date of this joint announcement, New Century REIT has no other outstanding warrants, options, derivatives, convertibles or other securities in issue which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Units.

### **13 RESUMPTION OF TRADING IN THE UNITS**

At the request of the Manager, trading in the Units on the Stock Exchange has been halted from 9:00 a.m. on 27 January 2021 pending the release of this joint announcement. Application has been made by the Manager to the Stock Exchange for resumption of trading in the Units on the Stock Exchange with effect from 9:00 a.m. on 28 January 2021.

### **14 DISCLOSURE OF DEALINGS**

Save for (i) the disposal of 2,700,000 Units by Huge Harvest on 3 September 2020 for the consideration of HK\$1.1 per Unit; and (ii) the issue of 10,261,304 Units at the price of HK\$1.1050 per Unit to the Manager as payment of the Manager's fee for the period from 1 January 2020 to 30 June 2020 on 25 September 2020, Huge Harvest and the Purchaser Concert Parties have not dealt for value in any Units or any options, warrants, derivatives or securities convertible into the Units or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) during the period beginning six months prior to date of this joint announcement.

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code) of Huge Harvest and New Century REIT (including persons who own or control 5% or more of any class of relevant securities issued by New Century REIT or Huge Harvest) are hereby reminded to disclose their dealings in the securities of New Century REIT pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### **WARNING**

**Unitholders and potential investors should be aware that the Proposals are subject to the relevant conditions set out above being fulfilled (or, if applicable, waived) and may or may not be completed or effected, as the case may be. Unitholders and potential investors are advised to exercise caution when dealing in the Units. Persons who are in doubt as to the action they should take should consult their stockbroker, licensed securities dealer, registered institution in securities, bank manager, solicitor or other professional advisers.**

## **15 DEFINITIONS**

In this joint announcement, unless the context otherwise requires, the following terms shall have the same meanings as set out below:

“2020 Annual Distribution”	means an amount equivalent to 90% of New Century REIT’s audited annual net income after tax for the financial year ended 31 December 2020, if any, to be paid to Unitholders as final distribution;
“Accountants’ Report”	means the accountants’ report to be included as an appendix to the Circular in compliance with the Listing Rules;
“acting in concert”	has the meaning given to it in the Takeovers Code, and “persons acting in concert” and “concert parties” will be construed accordingly;

“Agreement”	means the sale and purchase agreement dated 26 January 2021 and entered into by the Trustee, the Purchaser and the Manager in relation to the disposal of all issued shares in the share capital of the Target Company;
“Approval Threshold”	means the approval (by way of poll) by the Independent Unitholders representing at least 75% of the votes attaching to the Units held by the Independent Unitholders voting either in person or by proxy at the EGM, with the number of votes cast against being not more than 10% of the votes attaching to the Units held by all Independent Unitholders in respect of the resolution relating to the relevant proposal;
“Base Fee”	means a base fee not exceeding 0.3% (and being 0.3% as at the date of the Trust Deed) per annum of the value of the Deposited Property of New Century REIT;
“Board”	means the board of Directors;
“Business Day”	means a day on which the Stock Exchange is open for transaction of business;
“Cash Consideration”	means the remaining balance of the Consideration in the amount of HK\$723,190,672 to be paid by the Purchaser to the Seller at Completion in cash;
“Cash Reserves”	means the cash reserves of New Century REIT in the amount of HK\$70,000,000;
“Consideration”	means the consideration for the Proposed Disposal in the amount of HK\$1,921,018,274, comprising of HK\$1,895,524,145 for the sale of the Sale Shares and HK\$25,494,129 for the sale of the Sale Loan;
“China Galaxy”	means China Galaxy International Securities (Hong Kong) Co., Limited, a corporation licensed to carry out Type 1 (Dealing in Securities), Type 4 (Advising on Securities) and Type 6 (Advising on Corporate Finance) regulated activities under the SFO, the financial adviser to Huge Harvest;

“Circular”	means the circular to be jointly issued by Huge Harvest and New Century REIT to the Unitholders in connection with the Proposals and other matters described in this joint announcement;
“Completion”	means the completion of the Proposed Disposal in accordance with the Agreement;
“Completion Date”	means the date falling within five Business Days after the date on which the last of the Conditions is satisfied or waived, or such other date as the Purchaser, the Seller and the Manager may agree;
“Conditions”	means the conditions precedent to Completion under the Agreement;
“connected person(s)”	has the meaning ascribed to it in the REIT Code;
“Deposited Property”	means all the assets of New Century REIT, including all the authorised investments for the time being and from time to time held or deemed to be held upon the trusts of the Trust Deed and any interest arising on subscription monies from the issuance of Units;
“Directors”	means the directors of the Manager and each a “Director”;
“Disposal Costs”	means the relevant estimated costs or taxes (if any) incurred or to be incurred by the Seller and the Manager on behalf of New Century REIT in respect of the Proposals, which is estimated to be not exceeding HK\$15.0 million;
“Disposed Group”	means collectively, the Target Company and its subsidiaries upon completion of the Reorganisation;
“EGM”	means the extraordinary general meeting to be conducted for the Unitholders’ approval of the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting, further details of which will be disclosed in the Circular;

“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Full Wise”	means Full Wise Industrial Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of Strong Tower;
“Group” or “Group Companies”	means New Century REIT and its subsidiaries;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the People’s Republic of China;
“Hotel 1”	means New Century Grand Hotel Kaifeng* (開封開元名都大酒店);
“Hotel 2”	means New Century Grand Hotel Hangzhou* (杭州開元名都大酒店);
“Hotel 3”	means New Century Hotel Xiaoshan Zhejiang* (浙江開元蕭山賓館);
“Hotel 4”	means New Century Resort Qiandao Lake Hangzhou* (杭州千島湖開元度假村);
“Hotel 5”	means New Century Grand Hotel Ningbo* (寧波開元名都大酒店);
“Hotel 6”	means New Century Grand Hotel Changchun* (長春開元名都大酒店);
“Hotel Properties”	means collectively, the Hotel 1, Hotel 2, Hotel 3, Hotel 4, Hotel 5 and Hotel 6;
“Huge Harvest” or “Purchaser”	means Huge Harvest International Limited (浩豐國際有限公司), a company incorporated in the British Virgin Islands, the issued shares of which are 83.90%, 9.29%, and 6.81% ultimately owned by Mr. Chen Miaolin, Mr. Chen Canrong and Mr. Zhang Guanming, respectively;

“Independent Board Committee”	means an independent board committee of the Directors comprising Mr. Angelini Giovanni, Mr. Yu Hon To David and Professor He Jianmin, all being the Independent Non-executive Directors;
“Independent Financial Adviser”	Somerley Capital Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined in the SFO, which has been appointed as the independent financial adviser to advise the Independent Board Committee, the Independent Unitholders and the Trustee on the Proposals;
“Independent Unitholders”	means Unitholders other than Huge Harvest and the Purchaser Concert Parties;
“Kaifeng Hotel Lease Agreement”	means 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 Tourism Group Co., Ltd. (開元旅業集團有限公司) and the Manager;
“Last Trading Date”	means 26 January 2021, being the last day on which the Units were traded on the Stock Exchange prior to the publication of this joint announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Manager”	means New Century Asset Management Limited, as manager of New Century REIT;
“Master Hotel Lease and Management Agreement”	means the master hotel lease and management agreement dated 14 June 2013 entered into between Zhejiang New Century Hotel Investment & Management Group Limited, Zhejiang New Century Hotel Management Co., Ltd. (浙江開元酒店管理有限公司), New Century Tourism Group Co., Ltd. (開元旅業集團有限公司) and the Manager;



“New Century Europe”	means New Century Europe I S.à.r.l., a company incorporated in Luxembourg and is a wholly-owned subsidiary of New Century REIT Hong Kong I;
“New Century REIT”	means New Century Real Estate Investment Trust, a Hong Kong collective investment scheme constituted as a unit trust authorized under section 104 of the SFO and subject to applicable conditions from time to time, the units of which are listed on the Stock Exchange (stock code: 1275);
“New Century REIT Hong Kong I”	means New Century REIT Hong Kong I Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of New Century REIT and will be a wholly-owned subsidiary of the Target Company upon completion of the Reorganisation;
“Notice of EGM”	means the notice to be despatched with the Circular in respect of the EGM to consider and, if thought fit, approve the Proposed Disposal, the Proposed Termination, the Proposed Liquidation and the Proposed Delisting;
“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing from the date of this joint announcement and ending on the Completion Date or the date on which the Proposals lapse;
“PRC”	means the People’s Republic of China excluding, for the purpose of this joint announcement only, Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;
“Principal Valuer”	means Cushman & Wakefield, in its capacity as the principal valuer of New Century REIT in compliance with the REIT Code;
“Property Valuation Report”	means the property valuation report prepared by the Principal Valuer to be despatched as appendix to the Circular;
“Proposals”	means collectively, the proposals in relation to the Proposed Disposal, the Proposed Termination, the Proposed Liquidation, the Proposed Delisting and the Proposed Interim Distribution;

“Proposed Deauthorisation”	means the proposed deauthorisation of New Century REIT as and when appropriate in accordance with applicable regulatory requirements;
“Proposed Delisting”	means the proposed delisting of Units from trading on the Stock Exchange;
“Proposed Disposal”	means the proposed disposal of the Sale Shares and the Sale Loan by the Seller to the Purchaser pursuant to the Agreement;
“Proposed Interim Distribution”	means the proposed interim distribution to the Unitholders, comprising the aggregate of the Consideration and the Cash Reserves, less the Disposal Costs, further details of which are disclosed in the section headed “3 Proposed Interim Distribution and 2020 Annual Distribution” of this joint announcement;
“Proposed Liquidation”	means the proposed liquidation of New Century REIT, as disclosed in the sub-section headed “2.3 Details of the Proposed Liquidation” of this joint announcement;
“Proposed Termination”	means the proposed termination of New Century REIT in accordance with the REIT Code;
“Purchaser Concert Party(ies)”	means party(ies) acting in concert or presumed to be acting in concert with Huge Harvest, including the Manager, Mr. Jin Wenjie and Ms. Ho Wai Chu;
“REIT”	means the real estate investment trust;
“REIT Code”	means the Code on Real Estate Investment Trust 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 by published practice statements or in any particular case, by specific written guidance issued or exemptions or waivers granted by the SFC;
“Reorganisation”	means the acquisitions of all issued shares in the share capital of each of Strong Tower and New Century REIT Hong Kong I by the Target Company prior to Completion;
“RMB”	means Renminbi, the lawful currency of the PRC;

“Sale Loan”	means the outstanding amount of the loan as at Completion Date (which is estimated to be EUR2,936,677 (equivalent to approximately HK\$25,494,129) which is due and owed by the Target Company to New Century REIT pursuant to an interest-free loan facility of EUR11,000,000 extended by New Century REIT to the Target Company;
“Sale Shares”	means all issued shares in the share capital of the Target Company;
“Seller”	means the Trustee, in its capacity as the seller of the Sale Shares and the Sale Loan;
“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 from time to time;
“Sky Town”	means Sky Town Investments Limited, a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Target Company;
“Spearhead Investments”	means Spearhead Investments Limited (銳至投資有限公司), a company incorporated in Hong Kong and is a wholly-owned subsidiary of the Target Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Strong Tower”	Strong Tower Global Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of New Century REIT and will be a wholly-owned subsidiary of the Target Company upon completion of the Reorganisation;
“Substantial Holder(s)”	pursuant to 8.1 of the REIT Code, a Unitholder who/ which is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of New Century REIT or any of its subsidiaries;
“Takeovers Code”	means the Hong Kong Code on Takeovers and Mergers;

“Target Company”	Spearhead Global Limited, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of New Century REIT;
“Trust Deed”	means the trust deed dated 10 June 2013 entered into between the Trustee and the Manager constituting New Century REIT and as amended by the supplemental trust deed dated 20 June 2013 and the second supplemental trust deed dated 15 June 2015, as may be further amended and supplemented from time to time;
“Trustee”	means DB Trustees (Hong Kong) Limited, in its capacity as trustee of New Century REIT;
“Unit(s)”	means unit(s) of New Century REIT;
“Unitholder(s)”	means any person registered as holding a Unit including persons so registered as joint holders;
“Variable Fee”	means a variable fee of 4% per annum of the net property income (before deduction therefrom of the Variable Fee) of real estates held by New Century REIT;
“Zhejiang New Century Hotel”	means Zhejiang New Century Hotel Investment & Management Group Limited, a company incorporated in the PRC and is owned as to 60.05% by Spearhead Investments and 39.95% by Sky Town;
“%”	means per centum or percentage; and
“€” or “EUR”	means Euro, the lawful currency of the Euro Zone.

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 Manager*

Hong Kong, 27 January 2021

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

*As at the date of this joint announcement, the directors of Huge Harvest are Mr. Zhang Guanming and Mr. Yeung Shun Tony.*

*The Manager and the Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than the information relating to Huge Harvest and parties acting in concert with it (except the Manager itself)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than opinions expressed by the directors of Huge Harvest) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*The directors of Huge Harvest jointly and severally accepts full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to New Century REIT), and confirms, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Manager) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*In the case of inconsistency, the English text of this joint announcement shall prevail over the Chinese text.*

*For the purpose of this joint announcement and for illustration purposes only, amounts denominated in € have been converted into RMB using the exchange rate of RMB7.8076= €1.00, and amounts denominated in RMB have been converted into HK\$ using the exchange rate of RMB0.89936 = HK\$1.00. No representation is made that any amount in € or RMB or HK\$ could have been or could be converted at such rate or at any other rates at all.*

*\* for identification purposes only*