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

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code: 1275)

Managed by
NEW CENTURY ASSET MANAGEMENT LIMITED

RESULTS ANNOUNCEMENT **FOR THE REPORTING PERIOD** **AND** **UPDATE ON THE LIQUIDATION**

The audited consolidated financial statements of New Century Real Estate Investment Trust (“**New Century REIT**”) and its subsidiaries (together, the “**Group**”) for the six months ended 30 June 2021 (the “**Reporting Period**”), being the liquidation date and the date for the financial statements of New Century REIT as required by 11.10(c) of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the “**REIT Code**”), having been audited by the Group’s auditor and reviewed by the audit committee (the “**Audit Committee**”) and disclosures committee (the “**Disclosures Committee**”) of New Century Asset Management Limited (the “**REIT Manager**”), was approved by the board of directors of the REIT Manager (the “**Board**”) on 26 July 2021.

New Century REIT’s portfolio comprised five 5-star hotels and one 4-star hotel up to 19 April 2021, namely,

- New Century Grand Hotel Hangzhou (杭州開元名都大酒店);
- New Century Resort Qiandao Lake Hangzhou (杭州千島湖開元度假村);
- New Century Grand Hotel Ningbo (寧波開元名都大酒店);
- New Century Grand Hotel Changchun (長春開元名都大酒店);
- New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館) (collectively, the “**Initial Hotel Properties**”); and
- New Century Grand Hotel Kaifeng (開封開元名都大酒店) (the “**Kaifeng Hotel**”) (together with the Initial Hotel Properties, the “**Hotel Properties**”).

Altogether they had an aggregate of 2,375 rooms and 374,586 square meters (“**sq.m.**”) in total gross floor area (“**GFA**”).

KEY FINANCIAL FIGURES FOR THE REPORTING PERIOD

(expressed in thousands of Renminbi (“RMB”) unless otherwise specified)

	(Audited) For the six months ended 30 June 2021 RMB’000	(Unaudited) For the six months ended 30 June 2020 RMB’000	Percentage Increase/ (Decrease)
Revenue	<u>71,515</u>	<u>93,420</u>	(23.4)%
Loss attributable to Unitholders	<u>(12,516)</u>	<u>(473,871)</u>	(97.4)%
Adjusted loss for the period (for distribution purpose)	<u>(16,766)</u>	<u>(6,990)</u>	139.9%
Payout ratio (%)	N/A	N/A	
Interim distribution for the period ¹	<u>–</u>	<u>–</u>	–
Other distributions:			
Interim distribution ² – paid	1,658,512	–	N/A
Final distribution ³ – declared	<u>1,488</u>	<u>–</u>	N/A
Per Unit Figures			
Distribution per Unit (“DPU”)			
Final DPU (RMB) ³	0.0015	–	N/A
Final DPU (HKD) ^{3&4}	0.0018	–	N/A
Total DPU (RMB) ^{2&3}	1.6801	–	N/A
Total DPU (HKD) ²⁻⁴	<u>2.0018</u>	<u>–</u>	N/A
	(Audited) As at 30 June 2021	(Audited) As at 31 December 2020	Percentage Increase/ (Decrease)
Net assets attributable to Unitholders per Unit (“NAV per Unit”) (RMB) ⁵	0.0015	1.6931	(99.9)%
Ratio			
Gearing ratio ⁶	–	41.7%	(41.7)%

Notes:

1. The REIT Manager has resolved that no dividend to be declared and distribution for the six months ended 30 June 2021 as there is an adjusted loss for the period (2020: None) except for other distributions as mentioned in Notes 2 and 3 below.
2. Pursuant to Rule 20.1 of the Hong Kong Codes on Takeovers and Mergers (the “**Takeovers Code**”), an interim distribution of HK\$1,976,018,274 (equivalent to approximately RMB1,658,512,000) or HK\$2.0 per unit of New Century REIT (the “**Unit(s)**”) (“**Interim Distribution**”) arising from the proceeds of the Disposal as disclosed in Note 2 to the consolidated financial statements, as calculated based on the sum of consideration received from the Disposal and available cash reserves of New Century REIT, minus the estimated disposal costs was declared and paid to entitled unitholders on 28 April 2021 whose names appeared on the register of unitholders on 16 April 2021 (the “**Interim Record Date**”).
3. Pursuant to Note 3 of 11.8 of the REIT Code, a final distribution of HK\$1,788,037 (equivalent to approximately RMB1,488,000) or approximately HK\$0.0018 per unit (“**Final Distribution**”) arising from the liquidation of New Century REIT as calculated based on the cash and cash equivalents of HK\$4,276,172 (equivalent to approximately RMB3,558,000) as at 30 June 2021 minus the disposal costs payable of HK\$2,488,135 (equivalent to approximately RMB2,070,000) as at 30 June 2021 was declared to be paid to the unitholders whose names appeared on the register of unitholders on 21 April 2021 (the “**Final Record Date**”) on or before 30 July 2021.
4. Unless indicated otherwise, amounts specified in Hong Kong dollars (“**HKD**”) are based on an exchange rate of HKD1=RMB0.83208 as at 30 June 2021 (as at 31 December 2020: HKD1=RMB0.84164) while amounts specified in United States dollars (“**USD**”) are based on an exchange rate of USD1=RMB6.4601 as at 30 June 2021 (as at 31 December 2020: USD1=RMB6.5249).

Distribution payable to Unitholders is paid in HKD. For illustration purpose, the exchange rates adopted by the REIT Manager for the Interim Distribution and Final Distribution in the above calculations are HKD1=RMB0.83932 and HKD1=RMB0.83208 respectively.

5. NAV per Unit as at 30 June 2021 of RMB0.0015 (As at 31 December 2020: RMB1.6931) was calculated by dividing net assets attributable to Unitholders of RMB1,488,000 (As at 31 December 2020: RMB1,672,834,000) by the number of Units in issue as at 30 June 2021 of 988,009,137 (As at 31 December 2020: 988,009,137).
6. Gearing ratio is calculated based on the total gross borrowings (including bank borrowings and loan due to a related party (if any)) excluding transaction costs over the total assets as at the end of each reporting period.

KEY FINANCIAL HIGHLIGHTS

Revenue and negative distributable income (being an adjusted loss in the consolidated distribution statement) of New Century REIT for the Reporting Period were approximately RMB72 million (2020: RMB93 million) and RMB17 million (2020: RMB7 million) respectively. Revenue from the Hotel Properties decreased by approximately 23% year-on-year (“**YoY**”), which was mainly due to the disposal of all Hotel Properties through the sale of New Century REIT’s wholly-owned subsidiary, Spearhead Global Limited, (the “**Disposal**”), together with its subsidiaries (the “**Disposed Group**”) as mentioned in section headed “Completion of the Disposal and update on the Liquidation”, which was completed on 19 April 2021 (the “**Disposal Date**”). The negative distributable income was mainly attributable to the loss arising from the Disposal.

Revenue of New Century REIT for the Reporting Period comprised (i) RMB64 million (2020: RMB83 million) rental income in respect of the leases of the Hotel Properties and (ii) RMB8 million (2020: RMB10 million) other rental income from the leasing of commercial and office spaces, shopping and recreational areas in the Hotel Properties under various individual lease agreements.

Although the COVID-19 pandemic (the “**Pandemic**”) is largely under control in the PRC, the scattered confirmed cases and the prudent prevention and control measures still affected the overall performance of the Hotel Properties, from 1 January 2021 to the Disposal Date, the average occupancy rate (“**Occupancy**”) was approximately 42.3%, the average daily rate (“**ADR**”) was approximately RMB438 and the average revenue per available room (“**RevPAR**”) was approximately RMB186. Accordingly, the rental income of the Hotel Properties for the Reporting Period represented the pro-rata Base Rent for the period from 1 January 2021 to the Disposal Date. After the Disposal, the financial performance of the Disposed Group was ceased to consolidate in the Group’s consolidated financial statements.

As New Century REIT reported an adjusted loss for the Reporting Period, no distribution for the six months ended 30 June 2021 was declared except (i) the Interim Distribution of HKD2.00 per Unit relating to the Disposal as pursuant to Rule 20.1 of the Takeovers Code; and (ii) the Final Distribution of approximately HKD0.0018 as pursuant to Note 3 of 11.8 of the REIT Code, which were declared on 19 April 2021 and 26 July 2021 respectively by the Board. For details, please refer to the section headed “Completion of the Disposal and update on the Liquidation”.

FINANCIAL POSITION

As at 30 June 2021, the Group had no borrowings (as at 31 December 2020: an aggregate gross borrowings of RMB1,820 million (including bank borrowings and a related party loan)).

As at 30 June 2021, the Group had total cash and cash equivalents of RMB4 million which represented the cash on hand whereas, as at 31 December 2020, the total cash and cash equivalents of RMB280 million represented the cash and cash equivalents of RMB98 million and restricted cash of RMB182 million. After the full settlement of disposal costs payable of approximately RMB2.1 million as at 30 June 2021, the remaining cash balance of approximately RMB1.5 million (equivalent to approximately HKD1.8 million) will be fully distributed to the Unitholders by means of a one-off distribution (final distribution) pursuant to Note 3 of 11.8 of the REIT Code.

PLEDGE OF ASSETS

As at 30 June 2021, no asset of New Century REIT was pledged. As at 31 December 2020, the Hotel Properties of New Century REIT with an aggregate carrying value of RMB3,997 million, bank deposits and trade receivables (including trade receivables due from related parties) with an aggregate value of RMB253 million were pledged to secure bank borrowings with an aggregate principal amount of RMB1,730 million.

MAJOR REAL ESTATE AGENTS

During the Reporting Period, no commission was paid to any real estate agents.

COMPLETION OF THE DISPOSAL AND UPDATE ON THE LIQUIDATION

References are made to (i) the joint announcements dated 27 January 2021, 17 February 2021, 19 March 2021, 25 March 2021, 31 March 2021, 12 April 2021, 19 April 2021 and 28 April 2021, respectively, jointly published by Huge Harvest International Limited (“**Huge Harvest**”) and New Century REIT in connection with, among other things, the Proposals and the Proposed Deauthorisation (the “**Joint Announcements**”); (ii) the circular dated 19 March 2021 jointly issued by New Century REIT and Huge Harvest (the “**Circular**”) and (iii) the announcements of New Century REIT dated 4 June 2021 and 21 July 2021 (together with the Joint Announcements, the “**Announcements**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Circular and the Announcements (as the case may be).

On 26 January 2021, the Trustee (as the seller) and the REIT Manager have respectively entered into a sale and purchase agreement (the “**Agreement**”) with Huge Harvest International Limited (as the Purchaser) (“**Huge Harvest**”, or the “**Purchaser**”) for the disposal of the entire issued share capital of Spearhead Global Limited (after its reorganisation which involved the acquisition of all issued shares of Strong Tower Global Limited and New Century REIT Hong Kong I Limited (the “**Reorganisation**”)) together with its subsidiaries (the “**Disposed Group**”) and the outstanding amount of loan due and owed by Spearhead Global Limited to New Century REIT

as at the completion of the Disposal (collectively, the “**Disposal**”) for a total consideration of HK\$1,921,018,274 (the “**Consideration**”), subject to the approval of independent Unitholders at an extraordinary general meeting held on 12 April 2021 (the “**EGM**”).

The Consideration was determined by arm’s length negotiation between the REIT Manager (on behalf of New Century REIT) and the Purchaser with reference to (i) the aggregated unaudited net asset value of the Disposed Group attributable to equity holders of approximately RMB1,646.9 million (equivalent to approximately HK\$1,831.1 million) as at 30 June 2020, (ii) the performance and prospects of the Disposed Group and (iii) the historical Unit price performance of New Century REIT. The Consideration represented (i) a premium of 4.9% over the aggregated unaudited net asset value of the Disposed Group attributable to equity holders as at 30 June 2020; and (ii) a premium of 9.6% over the aggregated audited net asset value of the Disposed Group attributable to equity holders of approximately RMB1,576.4 million (equivalent to approximately HK\$1,752.8 million) as at 30 November 2020 (taking into account of appraised value of New Century REIT’s investment properties as at 30 November 2020). For details, please refer to the Circular.

Given the Disposed Group, upon completion of the Reorganisation, contained all of the operating business and assets of the Group, the Board was of the view that following the completion of the Disposal and the payment of the Interim Distribution, no material assets will remain in New Century REIT, save for the remaining cash for the purpose of payment of the disposal costs (the “**Disposal Costs**”) relating to the Disposal, termination, liquidation and delisting of New Century REIT (collectively, the “**Proposals**”) and the balance (if any) for the payment of final distribution. 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 of New Century REIT are the natural results of the Disposal, the Disposal is then treated as part and parcel of the termination, liquidation and delisting of New Century REIT. As such, the Proposals were then subject to independent Unitholders’ approval by the approval threshold at the EGM.

As at the date of the EGM, the total number of Units in issue was 988,009,137. The total number of Units entitling the independent unitholders to attend the EGM and to vote for or against the above resolution at the EGM was 386,960,336 Units (representing approximately 39.16% of the total number of Units in issue). Independent unitholders and authorized proxies holding an aggregate of 329,770,499 Units were present at the EGM and 99.994% of them voted for the special resolution while 0.006% of them voted against the special resolution. The special resolution relating to the Proposals was then duly passed.

On 19 April 2021, all conditions under the Agreement were fulfilled. Accordingly, the Disposal completed on 19 April 2021 (the Disposal Date). The revenue and related expenses of the Disposed Group for the period from 1 January 2021 to the Disposal Date were included in the consolidated income statements as discontinued operation and then ceased to consolidate thereafter.

Upon the completion of Disposal, an Interim Distribution of HK\$1,976,018,274 (equivalent to approximately RMB1,658,512,000) or HK\$2.0 per unit arising from the proceeds of the Disposal (as calculated based on the sum of Consideration and available cash reserves of New Century REIT, minus the estimated disposal costs) was declared and paid to entitled unitholders whose names appeared on the Interim Record Date pursuant to Rule 20.1 of the Takeovers Code. Of the Interim Distribution (i) an amount of approximately RMB1,005,361,000 (equivalent to HK\$1,197,827,602) representing the entitlement of Huge Harvest and the REIT Manager to the Interim Distribution based on their respective holding of New Century REIT was agreed to be offset against the Consideration and (ii) the balance of approximately RMB653,151,000 (equivalent to HK\$778,190,672) representing the entitlement of other unitholders was paid and distributed in cash to other unitholders on 28 April 2021.

After the payment of Interim Distribution, the termination of New Century REIT became effective on 29 April 2021. The liquidation of New Century REIT commenced on 4 June 2021 when the notice to creditors, requesting the creditors of New Century REIT to send their debts or claims to the REIT Manager on or before 30 June 2021, was published.

As the REIT Manager has not received any claims validly submitted by the creditors by 30 June 2021. The liquidation date and date for the financial statements of New Century REIT as required by 11.10(c) of the REIT Code has been set at 30 June 2021. As such, the audited consolidated financial statements of New Century REIT for the Reporting Period is treated as the liquidation accounts of New Century REIT.

As of the date of this announcement, after all disposal costs payable as at 30 June 2021 have been settled, a Final Distribution of HK\$1,788,037 (equivalent to approximately RMB1,488,000) or approximately HK\$0.0018 per Unit arising from the liquidation (being a one-off distribution in compliance with Note 3 of 11.8 of the REIT Code) as calculated based on the cash and cash equivalents of HK\$4,276,172 (equivalent to approximately RMB3,558,000) as at 30 June 2021 minus the disposal costs payable of HK\$2,488,135 (equivalent to approximately RMB2,070,000) as at 30 June 2021 was declared and approved by the Board on 26 July 2021, which will be paid to the unitholders whose names appeared on the register of unitholders on the Final Record Date on or before 30 July 2021.

The Proposed Delisting and the Proposed Deauthorisation are expected to take place on or before 31 August 2021, subject to the approval from the SFC and the Stock Exchange.

EMPLOYEES

New Century REIT is managed by the REIT Manager and the Trustee. By contracting out such services, New Century REIT, through its subsidiaries, had three employees in its own right before the Disposal Date and such costs are reimbursed by the REIT Manager. As at 30 June 2021, New Century REIT had no employees in its own right (as at 31 December 2020: three employees).

BUY-BACK, SALE OR REDEMPTION OF UNITS

During the Reporting Period, there was no buy-back, sale or redemption of the Units by the REIT Manager on behalf of New Century REIT or any of the special purpose vehicles that are owned and controlled by New Century REIT.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period, both the REIT Manager and New Century REIT have been in compliance with the relevant laws, applicable regulations of the Hong Kong and PRC that have a significant impact on both the REIT Manager and New Century REIT.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2021 RMB'000 Note (a)	2020 RMB'000 (Unaudited)
Revenue	5	71,515	93,420
Operating expenses – net	6	(8,883)	(20,280)
Other losses – net	7	(32,719)	(45,046)
Change in fair values of investment properties	11	–	(499,000)
Operating profit/(loss)		29,913	(470,906)
Finance income	9	45	3,232
Finance costs	9	(26,955)	(105,957)
Finance costs – net		(26,910)	(102,725)
Profit/(loss) before taxation and transactions with unitholders		3,003	(573,631)
Income tax (expense)/credit	10	(14,978)	97,642
Loss after taxation for the period, before transactions with unitholders		(11,975)	(475,989)
Loss attributable to unitholders		(12,516)	(473,871)
Profit/(loss) attributable to non-controlling interests		541	(2,118)
		(11,975)	(475,989)

Note:

- (a) As disclosed in Note 2 to the consolidated financial statements, as a result of the Disposal, the operating results of Spearhead Global Limited together with its subsidiaries (the “**Disposed Group**”) meet the definition of a discontinued operation. As such, the vast majority of the consolidated income statement of New Century Real Estate Investment Trust (“**New Century REIT**”) for the six months ended 30 June 2021, except for the “Loss on disposal of a subsidiary” recorded in “Other losses – net” meet the definition of discontinued operation as presented above.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	Attributable to			
	Unitholders before transactions with unitholders RMB'000	Transactions with unitholders (Note (i)) RMB'000	Unitholders after transactions with unitholders RMB'000	Non-controlling interests RMB'000
Loss for the six months ended 30 June 2020 (Unaudited)	(473,871)	473,587	(284)	(2,118)
Other comprehensive income (Unaudited): Item that may be reclassified subsequently to consolidated income statement: Exchange gains on translation of financial statements	284	–	284	–
Total comprehensive loss for the six months ended 30 June 2020 (Note (ii)) (Unaudited)	<u>(473,587)</u>	<u>473,587</u>	<u>–</u>	<u>(2,118)</u>
Loss for the six months ended 30 June 2021	(12,516)	12,834	318	541
Other comprehensive income: Item that may be reclassified subsequently to consolidated income statement: Exchange loss on translation of financial statements	(318)	–	(318)	–
Total comprehensive loss for the six months ended 30 June 2021 (Note (ii))	<u>(12,834)</u>	<u>12,834</u>	<u>–</u>	<u>541</u>

Notes:

- (i) Transactions with unitholders comprise total (loss)/profit and other comprehensive (loss)/income attributable to unitholders for the period.
- (ii) In accordance with the trust deed dated 10 June 2013 and as amended by the supplemental trust deeds dated 20 June 2013 and 15 June 2015 (the “**Trust Deed**”), New Century REIT is required to distribute to unitholders not less than 90% of total distributable income for each financial year. Accordingly, the units contain contractual obligations of the trust to pay cash distributions and also upon termination of the trust, to share all net cash proceeds derived from the sales or realisation of the assets of the trust less any liabilities, in accordance with their proportionate interests in the trust at the date of the termination. The unitholders’ funds are therefore classified as a financial liability rather than equity in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by International Accounting Standards Board (“**IASB**”). Consistent with unitholders’ funds being classified as a financial liability, the distribution to unitholders and change in net assets attributable to unitholders, excluding issuance of new units and transactions with controlling shareholders, are part of finance costs.

CONSOLIDATED BALANCE SHEET

As at 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Non-current assets			
Investment properties	11	–	3,997,000
Goodwill	12	–	7,987
Other long-term assets		–	1,730
		<u>–</u>	<u>4,006,717</u>
Current assets			
Trade and other receivables and prepayments	13	–	15,369
Amounts due from related parties	24(a)	–	68,148
Restricted cash	14	–	181,528
Cash and cash equivalents	14	3,558	98,095
		<u>3,558</u>	<u>363,140</u>
Total Assets		<u>3,558</u>	<u>4,369,857</u>
Current liabilities			
Disposal costs payable	15	2,070	–
Trade and other payables	16	–	35,542
Amounts due to related parties	24(b)	–	55,162
Current income tax liabilities		–	21,679
Deferred income		–	2,335
Borrowings	17	–	208,229
		<u>2,070</u>	<u>322,947</u>

CONSOLIDATED BALANCE SHEET (CONTINUED)*As at 30 June 2021**(All amounts in Renminbi thousands unless otherwise stated)*

		As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
	<i>Notes</i>		
Non-current liabilities, other than net assets attributable to unitholders			
Borrowings	<i>17</i>	–	1,527,809
Loan due to a related party	<i>24(b)</i>	–	60,000
Deferred income tax liabilities	<i>18</i>	–	760,535
		<hr/>	<hr/>
		–	2,348,344
		<hr/>	<hr/>
Total liabilities, excluding net assets attributable to unitholders		2,070	2,671,291
Non-controlling interests		–	25,732
		<hr/>	<hr/>
Net assets attributable to unitholders	<i>19</i>	1,488	1,672,834
Total equity and liabilities		3,558	4,369,857
		<hr/>	<hr/>
Net current assets		1,488	40,193
		<hr/>	<hr/>
Units in issue ('000)	<i>19</i>	988,009	988,009
		<hr/>	<hr/>
Net assets attributable to unitholders per unit	<i>19</i>	RMB0.0015	RMB1.6931
		<hr/>	<hr/>

CONSOLIDATED DISTRIBUTION STATEMENT

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
		(Unaudited)
Loss attributable to unitholders	(12,516)	(473,871)
Adjustments for the total adjusted loss:		
– Unrealised net foreign exchange (gains)/losses (<i>Notes 7 and 9</i>)	(4)	30,333
– Fair value change on investment properties attributable to unitholders	–	495,323
– Deferred taxation in respect of investment properties and tax losses attributable to unitholders	3,531	(117,510)
– Amortisation of transaction costs of bank borrowings (<i>Note 9</i>)	2,707	16,146
– REIT Manager fee payable in units in lieu of cash	–	9,921
– Waiver of the REIT Manager fee (<i>Note 7</i>)	(10,484)	–
– Fair value losses on outstanding derivative financial instruments	–	43,581
– Accumulated realised foreign exchange losses on bank borrowings which were repaid during the period	–	(10,913)
	<u>(16,766)</u>	<u>(6,990)</u>
Total adjusted loss for the period (i)	<u>(16,766)</u>	<u>(6,990)</u>
Distribution per unit (iii)	<u>–</u>	<u>–</u>

Notes:

- (i) Under the terms of the Trust Deed, the total (adjusted loss)/distributable income is the consolidated profit or loss after income tax attributable to unitholders adjusted to eliminate the effects of certain non-cash and other adjustments which have been recorded in the consolidated income statement for the relevant period.

In accordance with the Trust Deed, New Century REIT is required to distribute to unitholders not less than 90% of its total distributable income for each financial period.

- (ii) The REIT Manager has resolved no dividend (2020: None) to be declared and distributed for the six months ended 30 June 2021 as there is an adjusted loss for the period.
- (iii) No distribution per unit (2020: None) was presented as no distribution was declared for the six months ended 30 June 2021.
- (iv) An interim distribution of HK\$1,976,018,274 (equivalent to approximately RMB1,658,512,000) or HK\$2.0 per unit (“**Interim Distribution**”) arising from the proceeds of the Disposal as disclosed in Note 2 to the consolidated financial statements (as calculated based on the sum of consideration received from the Disposal and available cash reserves of New Century REIT, minus the estimated disposal costs) was declared and paid to entitled unitholders on 28 April 2021 whose names appeared on the register of unitholders on 16 April 2021 pursuant to Rule 20.1 of the Hong Kong Codes on Takeovers and Mergers (the “**Takeovers Code**”).
- (v) Pursuant to Note 3 of 11.8 of the Code on Real Estate Investment Trusts issued by the Securities and Futures Commission of Hong Kong (the “**REIT Code**”), a final distribution of HK\$1,788,037 (equivalent to approximately RMB1,488,000) or approximately HK\$0.0018 per unit arising from the liquidation as calculated based on the cash and cash equivalents of HK\$4,276,172 (equivalent to approximately RMB3,558,000 (Note 14)) as at 30 June 2021 minus the disposal costs payable of HK\$2,488,135 (equivalent to approximately RMB2,070,000 (Note 15)) as at 30 June 2021 was declared to be paid to the unitholders whose names appeared on the register of unitholders on 21 April 2021 (the “**Final Record Date**”) on or before 30 July 2021.

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS AND EQUITY

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	<i>Notes</i>	Net assets attributable to unitholders <i>RMB'000</i>	Equity Non-controlling interests <i>RMB'000</i>	Total <i>RMB'000</i>
As at 1 January 2020		2,230,080	29,473	2,259,553
Loss for the period		(473,871)	(2,118)	(475,989)
Issuance of new units	<i>19</i>	6,100	–	6,100
Distribution paid to unitholders	<i>19</i>	(28,163)	–	(28,163)
Dividends declared to non-controlling interests		–	(1,369)	(1,369)
Other comprehensive income – exchange reserve	<i>19</i>	284	–	284
As at 30 June 2020 (Unaudited)		<u>1,734,430</u>	<u>25,986</u>	<u>1,760,416</u>
As at 1 January 2021		1,672,834	25,732	1,698,566
(Loss)/profit for the period		(12,516)	541	(11,975)
Distribution paid to unitholders	<i>19</i>	(1,658,512)	–	(1,658,512)
Disposal of a subsidiary	<i>21</i>	–	(26,273)	(26,273)
Other comprehensive loss – exchange reserve	<i>19</i>	(318)	–	(318)
As at 30 June 2021		<u>1,488</u>	<u>–</u>	<u>1,488</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

	Notes	Six months ended 30 June	
		2021 RMB'000 Note (a)	2020 RMB'000 (Unaudited)
Cash flows from operating activities			
Cash generated from operations	22	41,592	44,933
Interest paid		(25,649)	(54,047)
Income tax paid		(28,189)	(25,920)
Net cash used in operating activities		(12,246)	(35,034)
Cash flows from investing activities			
Additions of investment properties		(39)	(77)
Net cash inflow from disposal of a subsidiary	21	581,855	–
Net cash generated from/(used in) investing activities		581,816	(77)
Cash flows from financing activities			
Changes of restricted cash pledged for borrowings		(59,052)	367,318
Interest received from restricted cash		5,128	2,879
Proceeds from bank borrowings			
– net of transaction costs		48,222	–
Repayment of bank borrowings		(5,000)	(293,638)
Payment of agency fee		(254)	–
Net proceeds from issuance of units		–	6,100
Distribution paid to unitholders	19	(653,151)	(28,163)
Net cash (used in)/generated from financing activities		(664,107)	54,496
Net (decrease)/increase in cash and cash equivalents		(94,537)	19,385
Cash and cash equivalents at beginning of the year	14	98,095	194,062
Exchange gains on cash and cash equivalents		–	1,783
Cash and cash equivalents at end of the period	14	3,558	215,230

Note: (a) As disclosed in Note 2 to the consolidated financial statements, as a result of the Disposal, the operating result of the Disposed Group meet the definition of a discontinued operation. As such, the vast majority of the consolidated statement of cash flows of New Century REIT for the six months ended 30 June 2021, except for the “Net cash inflow from disposal of a subsidiary” and “Distribution paid to unitholders” meet the definition of discontinued operation as presented above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2021

(All amounts in Renminbi thousands unless otherwise stated)

1 GENERAL INFORMATION

New Century REIT and its subsidiaries (together, the “**Group**”) are mainly engaged in the leasing of the hotel properties in Mainland China (“**China**” or the “**PRC**”).

New Century REIT is a Hong Kong collective investment scheme constituted as a unit trust authorised under section 104 of the Securities and Futures Ordinance and was established under the Trust Deed made between New Century Asset Management Limited (the “**REIT Manager**”) and DB Trustees (Hong Kong) Limited (the “**Trustee**”).

The address of the registered office of the REIT Manager is Unit 4706, 47th Floor, The Center, 99 Queen’s Road Central, Hong Kong.

New Century REIT was listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 July 2013 (“**date of listing**”) and commenced its operation upon listing.

New Century REIT is in the process of liquidation, details of which are set out in the relevant announcements of New Century REIT and Note 2 to the consolidated financial statements.

These consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Group. These consolidated financial statements have been approved for issue by the board of directors of the REIT Manager (the “**Board**”) on 26 July 2021.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

On 26 January 2021, the Trustee (as the seller) and the REIT Manager have respectively entered into a sale and purchase agreement (the “**Agreement**”) with Huge Harvest International Limited (“**Huge Harvest**”, as the “**Purchaser**”) for the disposal of the entire issued share capital of Spearhead Global Limited (after its reorganisation which involving the acquisition of all issued shares of Strong Tower Global Limited and New Century REIT Hong Kong I Limited (the “**Reorganisation**”) and the outstanding amount of loan due and owed by Spearhead Global Limited to New Century REIT (the “**Sale Loan**”) as at the completion of the disposal (collectively, the “**Disposal**”) for a total consideration of HK\$1,921,018,274 (the “**Consideration**”), subject to the approval of independent unitholders’ at an extraordinary general meeting held on 12 April 2021 (the “**EGM**”).

The Disposed Group, upon completion of the Reorganisation, contained all of the operating business and assets of the Group and also following the completion of the Disposal and the payment of the Interim Distribution, no material assets will remain in New Century REIT, save for the remaining cash for the purpose of payment of the disposal costs (the “**Disposal Costs**”) relating to the Disposal, termination, liquidation and delisting of New Century REIT (collectively, the “**Proposals**”) and the balance (if any) for the payment of final distribution. 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 of New Century REIT are the natural results of the Disposal, the Disposal is then treated as part and parcel of the termination, liquidation and delisting of New Century REIT. As such, the Proposals were then subject to independent unitholders’ approval by the approval threshold at the EGM, where the resolution relating the Proposals was duly passed.

As the Disposal was completed on 19 April 2021 (the “**Disposal Date**”), the revenue and related expenses of the Disposed Group for the period from 1 January 2021 to 19 April 2021 were included in the consolidated income statements as discontinued operation and then ceased to consolidate thereafter.

After the payment of Interim Distribution arising from the proceeds of the Disposal, the termination of New Century REIT became effective on 29 April 2021. The liquidation of New Century REIT commenced on 4 June 2021 when the notice to creditors, requesting the creditors of New Century REIT to send their debts or claims to the REIT Manager on or before 30 June 2021, was published.

The REIT Manager has not received any claims validly submitted by the creditors by 30 June 2021. Accordingly, the liquidation date and date for the financial statements of New Century REIT as required by 11.10(c) of the REIT Code has been determined to be 30 June 2021.

Since New Century REIT is no longer operating under a going concern basis, the consolidated financial statements for the six months ended 30 June 2021 have been prepared by liquidation basis of accounting. Its assets and liabilities as at 30 June 2021 were then valued at their estimated realisable amounts and stated at their estimated settlement amounts respectively. As at 30 June 2021, only cash and cash equivalents and disposal costs payable remained in the consolidated balance sheet, all other assets and liabilities had been disposed of to the Purchaser. The comparatives were prepared under going concern basis and therefore not directly comparable.

The consolidated financial statements have been prepared in accordance with IFRSs, the relevant provisions of the Trust Deed and Appendix C and E to the REIT Code.

The preparation of these consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires the directors of the REIT Manager to exercise their judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these consolidated financial statements are disclosed in Note 3.

(i) *New and amended standards adopted by the Group*

There are a number of amendments to accounting standards that become applicable for annual reporting periods commencing on or after 1 January 2021 and the following standards and interpretations apply for the first time to financial reporting periods have been adopted by the Group:

- (a) Amendments to IFRS 16 – Covid-19-related Rent Concessions;
- (b) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform – Phase 2

The Group had adopted Amendments to IFRS 16 and after the assessment on the impact of the adoption, the Group did not need to make any adjustments to the accounting for assets held as lessor. The other amendments and interpretations did not have any significant financial impact on the results and financial position of the Group.

(ii) New standards and interpretations not yet adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for this reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to IAS 16	Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	Annual Improvements to IFRS Standards 2018–2020	1 January 2022
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture	To be determined

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of liabilities is addressed below.

(a) Disposal costs payable

The disposal costs payable is stated at their estimated settlement amounts, and provision had been made on the best estimation.

4 SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision-marker, which has been identified as the senior executive management, in order to allocate resources to segments and to assess their performance.

The sole principal activity of the Group is the leasing of hotel properties. Geographically, all hotel properties are located in China, the senior executive management concludes that the Group has a single reportable segment and no further analysis for segment information is presented.

5 REVENUE

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)
Rental income from the Initial Hotel Properties (a)	57,434	75,669
Rental income from the Kaifeng Hotel (a)	6,318	7,399
Other rental income (b)	7,763	10,352
	71,515	93,420

- (a) The principal activity of the Group is the leasing of hotel properties located in China until the Disposal Date, New Century REIT itself does not carry out any operation since then. Prior to the completion of the Disposal, the rental income of the Group was all generated from hotel properties, including New Century Grand Hotel Hangzhou (杭州開元名都大酒店), New Century Hotel Xiaoshan Zhejiang (浙江開元蕭山賓館), New Century Grand Hotel Ningbo (寧波開元名都大酒店), New Century Grand Hotel Changchun (長春開元名都大酒店) and New Century Resort Qiandao Lake Hangzhou (杭州千島湖開元度假村) (collectively, the “**Initial Hotel Properties**”) and New Century Grand Hotel Kaifeng (開封開元名都大酒店, the “**Kaifeng Hotel**”). From 1 January 2021 to the Disposal Date, the rental income of RMB63,752,000 was derived from the minimum pro-rated Base Rent of RMB66,296,000 less value-added taxes of RMB2,544,000. For the six months ended 30 June 2020, the rental income of RMB83,068,000 was derived from the minimum pro-rated Base Rent of RMB86,383,000 (as adjusted mentioned below) less value-added taxes of RMB3,315,000.

Since the outbreak of the novel coronavirus pneumonia pandemic (the “**Pandemic**”) in January 2020, the provinces and municipalities in the PRC in which the Initial Hotel Properties and the Kaifeng Hotel are situated had activated level I (the highest level response to major public health emergencies) and adopted various strict measures to minimise the spread of the Pandemic. As a result of the Pandemic and the substantive suspension of operations of the Initial Hotel Properties and the Kaifeng Hotel, the force majeure clauses under the master hotel lease and management agreement and its individual underlying hotel lease and management agreements and the Kaifeng Hotel lease agreement were triggered, and accordingly the annual base rent for the Initial Hotel Properties and the Kaifeng Hotel was adjusted proportionately for the duration of the period of suspension. Operations at the Initial Hotel Properties and the Kaifeng Hotel were suspended for 38 days and 54 days respectively which resulted in a downward adjustment of the minimum pro-rated base rent for the six months ended 30 June 2020 by RMB24,011,000 in aggregate from RMB110,394,000 to RMB86,383,000.

- (b) Other rental income represents the rental income from the lease of commercial space, primarily office, shopping and recreational areas in hotel properties and was recognised on a straight-line basis over the periods of the respective leases, of which comprised the rental income from Zhejiang New Century Hotel Management Co., Ltd. and other members of its group (together, the “**Hotel Group**”) of RMB769,000 before value-added taxes of RMB37,000 (2020: RMB1,653,000 before value-added taxes of RMB79,000).

6 OPERATING EXPENSES

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)
REIT Manager fee (<i>Notes 8</i>)	–	9,921
Other Disposal Costs	2,755	–
Urban real estate and land use tax	5,143	6,629
Legal and other professional fees	77	838
Business and other taxes, surcharges and stamp duty	365	783
Auditors' remuneration	24	1,027
Trustee fee	265	453
Valuation fees	3	223
Miscellaneous	251	406
	<hr/>	<hr/>
Total operating expenses – net	8,883	20,280
	<hr/> <hr/>	<hr/> <hr/>

7 OTHER LOSSES – NET

	Six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)
Loss on disposal of a subsidiary (<i>Note 21</i>)	(45,753)	–
Waiver of the REIT Manager fee (<i>Note 8</i>)	10,484	–
Government grants (<i>a</i>)	2,590	241
Fair value losses on derivative financial instruments	–	(43,581)
Net realised foreign exchange losses	–	(387)
Net unrealised foreign exchange gains	4	6
Others	(44)	(1,325)
	<hr/>	<hr/>
	(32,719)	(45,046)
	<hr/> <hr/>	<hr/> <hr/>

(a) Government grants

Government grants mainly represented the urban real estate and land use tax refund, and subsidy income from the government. There are no unfulfilled conditions or other contingencies attaching to these grants. The Group did not benefit directly from any other forms of government assistance.

8 REIT MANAGER FEE

	Six months ended 30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
		(Unaudited)
Base Fee (waived)/charged	(6,314)	6,795
Variable Fee (waived)/charged	(4,170)	3,126
	(10,484)	9,921

Upon the completion of the Disposal, the REIT Manager has agreed to waive the Base Fee and Variable Fee since 1 July 2020 which were elected to be settled in form of units. Accordingly, the Base Fee of RMB6,314,000 and Variable Fee of RMB4,170,000 for the period from 1 July 2020 to 31 December 2020 that had been provided in prior year have been reversed in the consolidated income statement and was adjusted to consolidated distribution statement for six months ended 30 June 2021.

9 FINANCE COSTS – NET

	Six months ended 30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
		(Unaudited)
Finance income		
– Interest income derived from bank deposits	45	3,232
Finance costs		
– Interest expenses on bank borrowings	(22,609)	(50,120)
– Unrealised net foreign exchange losses on financing activities	–	(30,339)
– Realised net foreign exchange losses on financing activities	(1,383)	(7,667)
– Amortisation of transaction costs of bank borrowings	(2,707)	(16,146)
– Other financing costs	(256)	(1,685)
	(26,955)	(105,957)
Finance costs – net	(26,910)	(102,725)

10 INCOME TAX (EXPENSE)/CREDIT

	Six months ended 30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
		(Unaudited)
Current income tax		
– Corporate income tax	(7,301)	(19,103)
Deferred income tax		
– Corporate income tax (Note 18)	(7,677)	116,745
	<u>(14,978)</u>	<u>97,642</u>
Tax (charge)/credit	<u>(14,978)</u>	<u>97,642</u>

11 INVESTMENT PROPERTIES

	As at	As at
	30 June	31 December
	2021	2020
	RMB'000	<i>RMB'000</i>
Investment properties	–	3,997,000
	<u>–</u>	<u>3,997,000</u>

The investment properties of the Group are all located in China held on land use rights with lease periods of 35 to 40 years. After the Disposal as set out in Note 21, New Century REIT did not hold any investment properties as at 30 June 2021. There was no fair value change during the six months ended 30 June 2021.

	Six months ended 30 June	
	2021	2020
	RMB'000	<i>RMB'000</i>
		(Unaudited)
At fair value		
Opening balance	3,997,000	4,612,000
Fair value losses (a)	–	(499,000)
Disposal of a subsidiary (Note 21)	(3,997,000)	–
	<u>–</u>	<u>–</u>
Closing balance	<u>–</u>	<u>4,113,000</u>

- (a) As at 31 December 2020, the independent valuation of the Group's investment properties in China was performed by the principal valuer, Cushman & Wakefield Limited (the "**Principal Valuer**", or "**Cushman & Wakefield**"), to determine the fair value of the investment properties. The investment properties were all pledged as collateral for the Group's bank borrowings (Note 17).

12 GOODWILL

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Goodwill	–	7,987
	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Unaudited)
Opening balance	7,987	7,987
Disposal of a subsidiary (<i>Note 21</i>)	(7,987)	–
Closing balance	–	7,987

Impairment tests for goodwill

The goodwill of the Group was arisen from the acquisition of the Kaifeng Hotel by Zhejiang New Century Hotel. During the periods, there were no impairment of goodwill. The goodwill was related to the Disposed Group and was disposed of on the Disposal Date (*Note 21*).

13 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Trade receivables (<i>a</i>)	–	3,083
Other receivables	–	235
Escrow deposit	–	12,038
Prepayments	–	13
Trade and other receivables and prepayments – net	–	15,369

All trade and other receivables and prepayments were held by the Disposed Group and were disposed of on the Disposal Date (*Note 21*).

As at 31 December 2020, the fair values of the trade and other receivables and the escrow deposit of the Group, except for the prepayments which were not financial assets, approximated their carrying amounts.

- (a) The trade receivables represented the rental income receivables from the third party lessees. Trade receivables due from related parties please refer to Note 24(a).

The aging of all the trade receivables as at 31 December 2020 was within 30 days.

As at 31 December 2020, all carrying amounts of the Group's trade receivables are denominated in RMB and all trade receivables were pledged as collateral for the Group's bank borrowings (Note 17).

14 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Cash at bank and on hand (a)	3,558	279,623
Less: Restricted cash (b)	—	(181,528)
	<u>3,558</u>	<u>98,095</u>
Cash and cash equivalents	<u>3,558</u>	<u>98,095</u>

Cash and cash equivalents and restricted cash that held by the Disposed Group were disposed of on the Disposal Date (Note 21).

- (a) As at 30 June 2021 and 31 December 2020, all cash at bank are deposits with original maturity within 3 months. The Group earns interest on cash at bank, including restricted cash, at floating bank deposit rates.
- (b) As at 31 December 2020, restricted cash represents guaranteed deposits pledged to the banks as security deposits under loan facilities (Note 17).

15 DISPOSAL COSTS PAYABLE

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Disposal costs payable	<u>2,070</u>	<u>—</u>

It represented the Disposal Costs incurred but not paid and accrued expenses provided based on management's best estimation as at 30 June 2021.

16 TRADE AND OTHER PAYABLES

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade payables (b)	–	692
Other payables	–	16,678
Advances from customers	–	2,534
Accrued taxes other than income tax	–	12,290
Dividends payable	–	3,348
	<hr/>	<hr/>
	–	35,542
	<hr/> <hr/>	<hr/> <hr/>

(a) All the trade and other payables were held by the Disposed Group and were disposed of on the Disposal Date (Note 21).

(b) The aging analysis of the trade payables was as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Trade payables		
– Within 90 days	–	21
– Over 90 days and within 360 days	–	6
– Over 360 days and within 720 days	–	78
– Over 720 days	–	587
	<hr/>	<hr/>
	–	692
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2020, all trade and other payables of the Group were non-interest bearing. Their fair values approximated their carrying amounts due to their short maturities.

17 BORROWINGS

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Non-current		
Principal of bank borrowings – secured (a)	–	1,583,500
Less: transaction costs	–	(23,862)
Current portion of non-current bank borrowings	–	(31,829)
	<u>–</u>	<u>1,527,809</u>
Current		
Bank borrowings – secured (a)	–	176,400
Current portion of non-current bank borrowings	–	31,829
	<u>–</u>	<u>208,229</u>

All the borrowings were held by the Disposed Group and were disposed of on the Disposal Date (Note 21).

The Group's borrowings are denominated in the following currencies:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
RMB	<u>–</u>	<u>1,736,038</u>

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

	6 months or less <i>RMB'000</i>	Between 6 and 12 months <i>RMB'000</i>	Over 1 year <i>RMB'000</i>	Total <i>RMB'000</i>
As at 30 June 2021	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
As at 31 December 2020	<u>189,635</u>	<u>18,594</u>	<u>1,527,809</u>	<u>1,736,038</u>

The maturity of borrowings is as follows:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Within 1 year	–	208,229
Between 1 and 2 years	–	680,428
Between 2 and 3 years	–	7,480
Over 3 years	–	839,901
	<u>–</u>	<u>1,736,038</u>

The weighted average effective interest rates during the six months ended 30 June 2021 and 2020 were as follows:

	Six months ended 30 June	
	2021	2020 (Unaudited)
Borrowings – current		
– HK\$	2.31%	3.68%
– RMB	4.20%	–
	<u>–</u>	<u>–</u>
Borrowings – non-current		
– HK\$	–	6.51%
– RMB	5.09%	6.34%
	<u>–</u>	<u>–</u>

The fair values of current borrowings equal their carrying amounts as the discounting impact is not significant.

(a) Bank borrowings – secured

As at 31 December 2020, the bank borrowings of RMB176,400,000 were secured by bank deposits (Note 14); whereas the bank borrowings of RMB1,583,500,000 were secured by investment properties (Note 11) and all trade receivables (Notes 13 and 24(a)).

18 DEFERRED INCOME TAX ASSETS AND DEFERRED INCOME TAX LIABILITIES

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

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Deferred income tax liabilities:		
– to be recovered after more than 12 months	–	755,892
– to be recovered within 12 months	–	4,643
	<u>–</u>	<u>760,535</u>

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

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Opening balance	760,535	896,462
Charged/(credited) to profit or loss (<i>Note 10</i>)	7,677	(116,745)
Disposal of a subsidiary (<i>Note 21</i>)	(768,212)	–
Payment during the periods	–	(4,140)
	<u>–</u>	<u>775,577</u>

Movements in deferred income tax assets and liabilities during the six months ended 30 June 2021 and 2020, without taking into consideration the offsetting of balance within the same tax jurisdiction, are as follows:

Deferred income tax assets	Tax losses <i>RMB'000</i>	Deferred Income <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2020			
As at 1 January 2020	–	686	686
Charged to profit or loss	–	(51)	(51)
	<u>–</u>	<u>635</u>	<u>635</u>
As at 30 June 2020 (Unaudited)	<u>–</u>	<u>635</u>	<u>635</u>
Six months ended 30 June 2021			
As at 1 January 2021	–	584	584
Credited/(charged) to profit or loss	297	(31)	266
Disposal of a subsidiary (<i>Note 21</i>)	(297)	(553)	(850)
	<u>–</u>	<u>–</u>	<u>–</u>
As at 30 June 2021	<u>–</u>	<u>–</u>	<u>–</u>

Deferred income tax liabilities	Difference between tax book and accounting book in respect of investment properties <i>RMB'000</i>	Amortisation of transaction costs of the bank borrowings <i>RMB'000</i>	Withholding tax in respect of unremitted earnings of subsidiaries <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
Six months ended 30 June 2020					
As at 1 January 2020	891,807	514	4,140	687	897,148
(Credited)/charged to profit or loss	(118,416)	(170)	1,790	–	(116,796)
Payment during the period	–	–	(4,140)	–	(4,140)
As at 30 June 2020 (Unaudited)	<u>773,391</u>	<u>344</u>	<u>1,790</u>	<u>687</u>	<u>776,212</u>
Six months ended 30 June 2021					
As at 1 January 2021	750,784	5,723	3,859	753	761,119
Charged/(credited) to profit or loss	3,828	2,826	1,384	(95)	7,943
Disposal of a subsidiary (Note 21)	(754,612)	(8,549)	(5,243)	(658)	(769,062)
As at 30 June 2021	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. All the deferred income tax assets and deferred income tax liabilities were related to the Disposed Group and were disposed of on the Disposal Date (Note 21).

19 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
Net assets attributable to unitholders	<u>1,488</u>	<u>1,672,834</u>

	Number of units	Net assets attributable to unitholders RMB'000
Six months ended 30 June 2020		
As at 1 January 2020	971,128,484	2,230,080
Issuance of new units (a)	6,619,349	6,100
Loss for the period	–	(473,871)
Distribution paid to unitholders during period (c)	–	(28,163)
OCI – exchange reserve	–	284
	<u>977,747,833</u>	<u>1,734,430</u>
Six months ended 30 June 2021		
As at 1 January 2021	988,009,137	1,672,834
Loss for the period	–	(12,516)
Distribution paid to unitholders during the period (d)	–	(1,658,512)
OCI – exchange reserve	–	(318)
	<u>988,009,137</u>	<u>1,488</u>

(a) New Century REIT issued 6,619,349 units during the six months ended 30 June 2020:

On 22 May 2020, 6,619,349 units were issued to the REIT Manager at an issue price of HK\$1.0069 per unit (equivalent to RMB6,100,000) as payment of 50% of the REIT Manager fee for the six months ended 31 December 2019.

New Century REIT didn't issue any new units during the six months ended 30 June 2021.

- (b) As at 30 June 2021, the net assets attributable to unitholders per unit of RMB0.0015 is calculated by dividing the net assets attributable to unitholders of RMB1,488,000 by number of units in issue of 988,009,137 (As at 31 December 2020: the net assets attributable to unitholders per unit of RMB1.6931 is calculated by dividing the net assets attributable to unitholders of RMB1,672,834,000 by the number of units in issue of 988,009,137).
- (c) The distribution with amount of RMB28,163,000 paid during the six months ended 30 June 2020 represents the final distribution for the period from 1 July 2019 to 31 December 2019, which was paid to unitholders on 22 May 2020.
- (d) The distribution in the amount of approximately RMB1,658,512,000 (equivalent to HK\$1,976,018,274) or HK\$2 per unit declared as pursuant to Rule 20.1 of the Takeovers Code during the six months ended 30 June 2021 represents the Interim Distribution arising from the proceeds of the Disposal, which was paid to unitholders on 28 April 2021. Of the Interim Distribution, (i) an amount of approximately RMB1,005,361,000 (equivalent to HK\$1,197,827,602) representing the entitlement of Huge Harvest and the REIT Manager to the Interim Distribution based on their respective holding of New Century REIT was agreed to be offset against the Consideration and (ii) the balance of approximately RMB653,151,000 (equivalent to HK\$778,190,672) representing the entitlement of other unitholders was paid and distributed in cash to other unitholders on 28 April 2021.

20 LOSS PER UNIT BASED UPON LOSS AFTER INCOME TAX BEFORE TRANSACTIONS WITH UNITHOLDERS ATTRIBUTABLE TO UNITHOLDERS

Loss per unit based upon loss after income tax before transactions with unitholders attributable to unitholders is calculated by dividing the loss after income tax before transactions with unitholders attributable to unitholders by the weighted average number of units in issue during the period.

	Six months ended 30 June	
	2021	2020 (Unaudited)
Loss after income tax before transactions with unitholders attributable to unitholders (RMB'000)	<u>(12,516)</u>	<u>(473,871)</u>
Weighted average number of units in issue ('000)	<u>988,009</u>	<u>972,583</u>
Basic loss per unit (RMB)	<u>(0.0127)</u>	<u>(0.4872)</u>

The diluted loss per unit is same as the basic loss per unit as there were no diluted instruments in issue during the six months ended 30 June 2021 and 2020.

21 DISPOSAL OF A SUBSIDIARY – SPEARHEAD GLOBAL LIMITED

On 26 January 2021, the Trustee and the REIT Manager have respectively entered into the Agreement for the disposal of entire issued share capital of Spearhead Global Limited, a wholly-owned subsidiary of New Century REIT and the Sale Loan as at the Disposal Date to Huge Harvest for the Consideration of HK\$1,921,018,274 (equivalent to approximately RMB1,613,675,000). The Disposal was completed on 19 April 2021.

The loss arising from the Disposal representing the difference between the carrying value of net assets of the Disposed Group as at the Disposal Date and the Consideration in relation to the Disposal as derived in below was included in “Other losses – net” (Note 7) of the consolidated income statement.

Expenses directly attributable to the Disposal of RMB8,278,000, among which comprises the trustee fee in the amount of RMB439,000 and the valuation fee to Cushman & Wakefield of RMB378,000, were netted against the Consideration for the Disposal. RMB8,181,000 had been paid during the period and the balance of RMB97,000 had been included in the “Disposal costs payable” (Note 15) of the consolidated balance sheet.

The following table summarises the carrying value of net assets disposed of on the Disposal Date and the Consideration received, as well as the net cash flow arising from the Disposal.

	Carrying value RMB'000
Net assets of the Disposed Group at the Disposal Date	
Investment properties (<i>Note 11</i>)	3,997,000
Goodwill (<i>Note 12</i>)	7,987
Other long-term assets	1,513
Trade and other receivables and prepayments	21,562
Amount due from related parties	76,933
Restricted cash	240,580
Cash and cash equivalents	18,278
Amounts due to related parties	(67,306)
Current income tax liabilities	(791)
Deferred income	(2,212)
Trade and other payables	(28,763)
Borrowings	(1,782,077)
Loan due to a related party	(60,000)
Deferred income tax liabilities (<i>Note 18</i>)	(768,212)
Non-controlling interests	(26,273)
	<hr/>
Net assets disposed of	1,628,219
	<hr/> <hr/>
Consideration for the Disposal	1,613,675
Less: Expenses directly attributable to the Disposal	(8,278)
	<hr/>
Net Consideration for the Disposal	1,605,397
Less: Net assets disposed of	(1,628,219)
Less: The amount of the Sale loan	(22,931)
	<hr/>
Loss on disposal of a subsidiary (<i>Note 7</i>)	(45,753)
	<hr/> <hr/>
Net cash inflow arising on the Disposal:	
Consideration for the Disposal	1,613,675
Less: Expenses directly attributable to the Disposal paid	(8,181)
Less: Interim Distribution entitlement of Huge Harvest and the REIT Manager to offset against the Consideration (<i>Note 19(d)</i>)	(1,005,361)
Cash and cash equivalents in the Disposed Group	(18,278)
	<hr/>
Net cash inflow from disposal of a subsidiary	581,855
	<hr/> <hr/>

22 CASH FLOWS INFORMATION

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

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> (Unaudited)
Profit/(loss) before taxation and transactions with unitholders	3,003	(573,631)
Adjustments for:		
– Fair value changes on investment properties	–	499,000
– Interest expenses on bank borrowings (<i>Note 9</i>)	22,609	50,120
– Unrealised net foreign exchange (gains)/losses (<i>Notes 7 and 9</i>)	(4)	30,333
– Amortisation of transaction costs of bank borrowings (<i>Note 9</i>)	2,707	16,146
– Fair value losses on derivative financial instruments	–	43,581
– Realised net foreign exchange losses on financing activities (<i>Note 9</i>)	1,383	7,667
– Other financing costs (<i>Note 9</i>)	256	1,685
– Amortisation of deferred income	(123)	(203)
– Interest income on restricted cash	–	(2,879)
– Loss on disposal of a subsidiary (<i>Note 7</i>)	45,753	–
	75,584	71,819
Changes in working capital:		
– (Increase)/decrease in trade and other receivables and prepayments	(12,927)	3
– Decrease in trade and other payables	(1,493)	(3,270)
– Increase in amounts due from related parties	(8,785)	(21,392)
– Decrease in amounts due to related parties	(10,787)	(2,227)
	41,592	44,933

23 COMMITMENTS

Capital commitments

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
In respect of investment properties, contracted but not provided for	–	2,462

24 BALANCES WITH CONNECTED/RELATED PARTIES

(a) Amounts due from related parties

Trade receivables due from:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
The Hotel Group (i)	–	59,729
New Century Grand Hotel Kaifeng Business Company Limited	–	8,384
	<u>–</u>	<u>68,113</u>

- (i) As at 31 December 2020, all the trade receivables due from related parties were pledged as collateral for the Group's bank borrowings (Note 17).

Other receivables due from:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
The REIT Manager	–	35
	<u>–</u>	<u>35</u>

(b) Amounts due to related parties

Other payables due to:

	As at 30 June 2021 <i>RMB'000</i>	As at 31 December 2020 <i>RMB'000</i>
New Century Grand Hotel Kaifeng Business Company Limited	–	22,000
The Hotel Group	–	20,803
The REIT Manager	–	10,484
New Century Tourism Group Limited	–	451
Hangzhou New Century Real Estate Group Limited	–	480
Hangzhou New Century Senbo Tourism Investment Limited	–	67
Hangzhou New Century Yiran Cultural Tourism Management Co., Ltd.	–	44
Hangzhou New Century Decorating Limited	–	31
	<u>–</u>	<u>54,360</u>

Advances from customers:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
The Hotel Group	–	16
New Century Tourism Group Limited	–	153
Hangzhou New Century Real Estate Group Limited	–	138
Hangzhou New Century Yiran Cultural Tourism Management Co., Ltd.	–	22
Hangzhou New Century Decorating Limited	–	10
	<hr/>	<hr/>
	–	339
	<hr/> <hr/>	<hr/> <hr/>

Loan due to a related party:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Huge Harvest	–	60,000
	<hr/> <hr/>	<hr/> <hr/>

Interest payable to a related party:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Huge Harvest	–	463
	<hr/> <hr/>	<hr/> <hr/>

25 NON-CANCELLABLE OPERATING LEASES

As at 30 June 2021 and 31 December 2020, the Group has future minimum lease payment receivables under non-cancellable leases as follow:

	As at 30 June 2021 RMB'000	As at 31 December 2020 RMB'000
Within one year	–	193,721
Between one year and five years	–	442,037
Over five years	–	39,817
	<hr/>	<hr/>
	–	675,575
	<hr/> <hr/>	<hr/> <hr/>

26 EVENTS AFTER THE BALANCE SHEET DATE

The final distribution of HK\$1,788,037 (equivalent to approximately RMB1,488,000) or approximately HK\$0.0018 per unit arising from the liquidation (as calculated based on the cash and cash equivalents of HK\$4,276,172 (equivalent to approximately RMB3,558,000) (Note 14) as at 30 June 2021 minus the disposal costs payable of HK\$2,488,135 (equivalent to approximately RMB2,070,000 (Note 15))) as at 30 June 2021 was declared and approved by the Board on 26 July 2021, which will be paid to the unitholders whose names appeared on the register of unitholders on the Final Record Date on or before 30 July 2021.

CORPORATE GOVERNANCE

New Century REIT is committed to maintaining a high level of corporate governance practices and procedures. The REIT Manager has adopted a compliance manual for use in relation to the management and operation of New Century REIT (the “**Compliance Manual**”) which sets out the key processes, systems, measures and certain corporate governance policies and procedures to be applied for governing the management and operation of New Century REIT and for compliance with all applicable laws and regulations. During the six months ended 30 June 2021, New Century REIT and the REIT Manager have applied the principles and complied with, to the extent appropriate, the code provisions in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

During the Reporting Period, both the REIT Manager and New Century REIT have in material terms complied with the provisions of the REIT Code, the relevant provisions of the Securities and Futures Ordinance (the “**SFO**”), the relevant provisions of the Listing Rules applicable to New Century REIT, the Trust Deed and the Compliance Manual.

NEW UNITS ISSUED

No new Units were issued during the Reporting Period and the total number of Units in issue as at 30 June 2021 was 988,009,137 Units.

PUBLIC FLOAT OF THE UNITS

Based on the information publicly available, as far as the REIT Manager is aware, not less than 25% of the issued and outstanding Units was held in public hands as at 30 June 2021.

REVIEW OF AUDITED RESULTS FOR THE REPORTING PERIOD

The Group's audited consolidated financial statements for the Reporting Period have been reviewed by the Audit Committee and the Disclosures Committee of the REIT Manager in conjunction with the external auditor of New Century REIT, PricewaterhouseCoopers.

ISSUANCE OF LIQUIDATION REPORT

The liquidation report of New Century REIT for the Reporting Period as required by 11.10(c) of the REIT Code is expected to be despatched to Unitholders on or before 31 August 2021.

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

Hong Kong, 26 July 2021

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