

CNC is a subsidiary of Zhong An. The allotment and issue of the Consideration Shares by CNC upon completion of the Acquisition will effectively have the effect of diluting the shareholding of Zhong An in CNC. The consequent dilution will constitute a deemed disposal by and a discloseable transaction for Zhong An under Chapter 14 of the Listing Rules.

So far as the respective directors of Zhong An and CNC are aware and after making all reasonable enquiries, no Zhong An Shareholder or CNC Shareholder has any interest in the Equity Transfer Agreement and none of them is required to abstain from voting if Zhong An or (as the case may be) CNC convenes a general meeting for approving the Acquisition contemplated under the Equity Transfer Agreement. Written approval of the Acquisition contemplated under the Equity Transfer Agreement will each be obtained from the Zhong An Shareholders and the CNC Shareholders who together beneficially hold more than 50% of the voting rights at the general meetings of Zhong An or (as the case may be) CNC. On the basis that such Shareholders form a closely allied group of Shareholders, their written approval can be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

Zhong An and CNC will each despatch its circular containing, among other things, details of the Equity Transfer Agreement and the contemplated Acquisition together with other information required under the Listing Rules to its Shareholders for information by 10 August 2018.

INTRODUCTION

Reference is made to the joint announcements of Zhong An and CNC dated 21 August 2017 and 29 August 2017 in relation to the acquisition by Zhong An Shenglong (an indirect non-wholly owned subsidiary of the Group) of 19.85% of the entire equity interest in Zhejiang Xinnongdou from Hangzhou Oriental.

The respective Boards of Zhong An and CNC wish to announce that Zhong An Shenglong entered into the Equity Transfer Agreement with Hangzhou Oriental on 20 July 2018 (after trading hours), pursuant to which Zhong An Shenglong has conditionally agreed to acquire an additional 22.65% of the entire equity interest in Zhejiang Xinnongdou from Hangzhou Oriental. Subject to Completion taking place, Zhong An Shenglong will own an aggregate of 42.5% of the entire equity interest in Zhejiang Xinnongdou.

THE EQUITY TRANSFER AGREEMENT

Date: 20 July 2018

Parties:

- (1) Zhong An Shenglong, as purchaser
- (2) Hangzhou Oriental, as vendor

To the best of the knowledge, information and belief of the respective directors of Zhong An and CNC and having made all reasonable enquiry, save for Hangzhou Oriental's equity interest in Zhejiang Xinnongdou (which is an associated company of both Zhong An and CNC), Hangzhou Oriental and its ultimate beneficial owner(s) are third parties independent of Zhong An, CNC and their respective connected persons.

Assets to be acquired: 22.65% of the entire equity interest in Zhejiang Xinnongdou held by Hangzhou Oriental

Consideration for the Acquisition: RMB352,994,400

The Consideration was determined after arm's length negotiations between Zhong An Shenglong and Hangzhou Oriental, with reference to the asset value of Zhejiang Xinnongdou as at 31 December 2017 as appraised by an independent qualified valuer in the PRC, and the unaudited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2017.

The Consideration shall be settled by the allotment and issue of an aggregate of 178,280,000 Consideration Shares by CNC at the issue price of HK\$2.47 each to Hangzhou Oriental or its designated nominee (which must be an independent third party) (the "Allottee").

The Consideration Shares represent (i) approximately 9.72% of the existing issued share capital of CNC as at the date of this announcement; and (ii) based on the assumption as set out in the table under “Effects on the Shareholding Structure of CNC” below, approximately 8.86% of the issued share capital of CNC as enlarged by the allotment and issue of the Consideration Shares. The Consideration Shares will be issued pursuant to the CNC Specific Mandate to be sought from the CNC Shareholders. The Consideration Shares will rank equally with the CNC Shares in issue on the date of their allotment and issue.

The issue price of HK\$2.47 per Consideration Share represents:

- (i) a premium of approximately 123% over the closing price of HK\$1.11 per CNC Share as quoted on the Stock Exchange on 20 July 2018, being the date of the Equity Transfer Agreement;
- (ii) a premium of approximately 113% over the average closing price of approximately HK\$1.16 per CNC Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 115% over the average closing price of approximately HK\$1.15 per CNC Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 93% over the average closing price of approximately HK\$1.28 per CNC Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day.

The issue price of HK\$2.47 per Consideration Share was arrived at by CNC and Hangzhou Oriental after arm’s length negotiation and taking into account the prevailing trading prices of the CNC Shares.

Application will be made by CNC to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares.

Conditions:

Completion of the Equity Transfer Agreement is subject to the fulfillment of, among others, the following conditions precedent:

- (i) (if required) Zhong An and CNC having obtained the approval by their respective shareholders at extraordinary general meetings in respect of the transactions contemplated under the Equity Transfer Agreement;
- (ii) the Listing Committee granting the listing of and permission to deal in the Consideration Shares;
- (iii) Zhong An Shenglong having notified all other shareholders of Zhejiang Xinnongdou in respect of the Acquisition and the transactions contemplated under the Equity Transfer Agreement, and all necessary approval by the respective boards of directors and shareholders of Zhong An Shenglong and Zhejiang Xinnongdou and the relevant government approval authority(ies) for the transfer of the Sale Interest to Zhong An Shenglong (including but not limited to any waiver of pre-emptive rights by the other shareholders of Zhejiang Xinnongdou over the Sale Interest) having been obtained by Zhong An Shenglong and Zhejiang Xinnongdou; and
- (iv) Zhong An Shenglong being satisfied with the results of its due diligence review on the assets, liabilities, financial, tax and business of the Zhejiang Xinnongdou Group and the Sale Interest.

In the event that any of the above conditions are not fulfilled or waived by Zhong An Shenglong (other than conditions precedent (i) to (iii) above which may not be waived by Zhong An Shenglong) on or before 31 December 2018 (or such other period as mutually agreed by the parties), the Equity Transfer Agreement shall lapse and cease to have effect. Save as otherwise provided in the Equity Transfer Agreement, neither party shall have any obligations and liabilities against each other except for any antecedent breaches of the provisions of the Equity Transfer Agreement.

Other principal terms:

- (i) If any representations, warranties or undertakings provided by Hangzhou Oriental under the Equity Transfer Agreement are false, inaccurate or concealed, or any material information in relation to the Zhejiang Xinnongdou Group has not been accurately disclosed to Zhong An Shenglong, Zhong An Shenglong shall have the right to terminate the Equity Transfer Agreement.
- (ii) CNC will have the right to appoint three directors on to the board of directors of Zhejiang Xinnongdou, as well as the general manager and deputy general manager of the Zhejiang Xinnongdou Group.

COMPLETION

Subject to the fulfilment (and/or waiver as the case maybe) of all the conditions precedent mentioned above, Completion shall take place on the 10th Business Day thereafter.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF CNC

Set out below is the shareholding structure of CNC (i) as at the date of this announcement; and (ii) immediately upon the allotment and issuance of all the Consideration Shares, for illustration purpose only:

<i>Shareholder</i>	As at the date of this announcement		Immediately after the allotment and issuance of all the Consideration Shares	
	<i>Number of CNC Shares</i>	<i>%</i>	<i>Number of CNC Shares</i>	<i>%</i>
<i>Connected persons</i>				
Ideal World Investments Limited (“ Ideal World ”)(<i>Note 1</i>)	1,270,000,000	69.21	1,270,000,000	63.08
Whole Good Management Limited (“ Whole Good ”)(<i>Note 1</i>)	31,303,594	1.71	31,303,594	1.55
<i>Public</i>				
Allottee	–	–	178,280,000	8.86
Other public Shareholders	533,664,406	29.08	533,664,406	26.51
Sub-total:	<u>533,664,406</u>	<u>29.08</u>	<u>711,944,406</u>	<u>35.37</u>
Total:	<u>1,834,968,000</u>	<u>100.00</u>	<u>2,013,248,000</u>	<u>100.00</u>

Notes:

1. Ideal World is a wholly owned subsidiary of Zhong An. The entire issued shares of Zhong An are owned as to about 56.15% by Whole Good, which is wholly owned by Mr. Shi Kancheng, the Chairperson and a non-executive director of CNC. Mr. Shi is also the Chairperson and an executive director of Zhong An.
2. The above chart assumes that there is no change to the issued share capital of, and the shareholding in, CNC from the date of this announcement and up to the day on which the Consideration Shares are issued.
3. All percentages as shown in the above chart are approximate figures.

4. As disclosed in the above shareholding table, immediately after completion of the allotment and issuance of the Consideration Shares, a minimum of 25% of the issued share capital of CNC will be in public hands.

EFFECT ON ZHONG AN AS A RESULT OF THE ALLOTMENT AND ISSUE OF CONSIDERATION SHARES BY CNC IN CONTEMPLATION OF THE ACQUISITION

CNC is a subsidiary of Zhong An. As at the date of this announcement, Zhong An owns approximately 69.21% of the total number of CNC Shares in issue.

The audited consolidated profits and net asset value of CNC for the two years ended 31 December 2017 as extracted from its 2017 annual report are as follows:

	For the year ended	
	31 December	31 December
	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation and extraordinary items	266,707	752,090
Profit after taxation and extraordinary items	137,065	466,358
	As at	
	31 December	31 December
	2016	2017
	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	5,342,059	6,008,356

The allotment and issue of the Consideration Shares by CNC upon Completion will have the effect of diluting the percentage shareholding of Zhong An in CNC. The Acquisition will therefore, upon its consummation, constitute a deemed disposal by the Company under Chapter 14 of the Listing Rules, whose percentage share in the total number of CNC Shares in issue will be diluted from approximately 69.21% to approximately 63.08% (other than a discloseable transaction according to the applicable percentage ratios under the Listing Rules as disclosed below).

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

Zhong An Shenglong is an indirect non-wholly owned subsidiary of the Group and is principally engaged in property management.

Hangzhou Oriental is a limited liability company established in the PRC on 18 January 2000 and is principally engaged in investment holding.

Zhejiang Xinnongdou is a limited liability company established in the PRC on 8 May 2008 and is principally engaged in investment holding and trading of agricultural products. As at the date of this announcement, the entire equity interest in Zhejiang Xinnongdou is owned as to 19.85% by Zhong An Shenglong, 22.65% by Hangzhou Oriental, and the remaining equity interest in Zhejiang Xinnongdou is held by independent third parties. The principal activities of the Zhejiang Xinnongdou Group are the development, construction and management of logistics center for agricultural products.

Zhong An is an investment holding company. The principal activities of the Zhong An Group are property development, leasing and hotel operation in the PRC.

The principal activity of CNC is investment holding, and through its subsidiaries, commercial property investment for leasing, commercial property development for sale and leasing and commercial property management in the PRC.

The Acquisition envisaged under the Equity Transfer Agreement would allow the Group to capture the business and development opportunities arising from the demand for modern logistics platform for agricultural products brought by the continued urbanisation, economic growth and improvement in living standards of the residents in the Yangtze River Delta region. This is conducive to the long-term growth and sustainable development of the Group as a whole, and enhancing shareholder value in the long run.

Accordingly, the respective directors of Zhong An and CNC consider that the terms of the Equity Transfer Agreement for the Acquisition are fair and reasonable and in the interests of the shareholders of the Group as a whole.

FINANCIAL INFORMATION OF ZHEJIANG XINNONGDOU

Based on the unaudited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2016, the net asset value of Zhejiang Xinnongdou was approximately RMB1,434,783,000 as at 31 December 2016, while the net profit before and after taxation and extraordinary items attributable to Zhejiang Xinnongdou for the year ended 31 December 2016 amounted to approximately RMB141,243,000 and RMB90,417,000, respectively. Based on the unaudited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2017, the net asset value of Zhejiang Xinnongdou was approximately RMB 1,750,251,000 as of 31 December 2017, while the net profit before and after taxation and extraordinary items attributable to Zhejiang Xinnongdou for the year ended 31 December 2017 amounted to approximately RMB172,548,000 and RMB121,278,000, respectively.

IMPLICATIONS UNDER THE LISTING RULES

Zhong An

As one or more of the applicable percentage ratios in respect of the Acquisition, when aggregated with the initial acquisition under the Previous Equity Transfer Agreement pursuant to Rule 14.22 of the Listing Rules, are more than 25% but below 75% for Zhong An, the Acquisition will constitute a major transaction for Zhong An and be subject to the reporting, announcement and Zhong An Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the deemed disposal resulting from the allotment and issue of the Consideration Shares by CNC (a subsidiary of Zhong An) exceeds 5% but less than 25%, the deemed disposal will constitute a discloseable transaction for Zhong An and be subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

CNC

As one of the applicable percentage ratios in respect of the transaction contemplated under the Equity Transfer Agreement, when aggregated with the transaction under the Previous Equity Transfer Agreement pursuant to Rule 14.22 of the Listing Rules, are more than 25% but below 75% for CNC, the transaction contemplated under the Equity Transfer Agreement will constitute a major transaction of CNC and be subject to the reporting, announcement and CNC Shareholders' approval requirements under Chapter 14 of the Listing Rules.

So far as the respective directors of Zhong An and CNC are aware and after making all reasonable enquiries, no Zhong An Shareholder or CNC Shareholder has any interest in the Equity Transfer Agreement and none of them is required to abstain from voting if Zhong An or (as the case may be) CNC convenes a general meeting for approving the Acquisition contemplated under the Equity Transfer Agreement.

SHAREHOLDERS' APPROVAL

Written approval of the Acquisition contemplated under the Equity Transfer Agreement will each be obtained from the Zhong An Shareholders and the CNC Shareholders who together beneficially hold more than 50% of the voting rights at the general meetings of Zhong An or (as the case may be) CNC. On the basis that such Shareholders form a closely allied group of Shareholders, their written approval can be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules.

If Zhong An was to convene an extraordinary general meeting for the approval of the Equity Transfer Agreement and the transactions contemplated thereby and voting was required, the directors of Zhong An would have recommended the Zhong An Shareholders to vote in favour of such resolutions based on the reasons set out in this announcement.

If CNC was to convene an extraordinary general meeting for the approval of the Equity Transfer of CNC Agreement and the transactions contemplated thereby and voting was required, the directors would have recommended the CNC Shareholders to vote in favour of such resolutions based on the reasons set out in this announcement.

GENERAL

Zhong An and CNC will each despatch its circular containing, among other things, details of the Equity Transfer Agreement and the contemplated Acquisition together with other information required under the Listing Rules to its Shareholders for information by 10 August 2018.

The Acquisition as contemplated under the Equity Transfer Agreement is conditional and may or may not materialise. Shareholders and potential investors shall exercise caution when dealing in the securities of Zhong An and CNC.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition by Zhong An Shenglong of the Sale Interest from Hangzhou Oriental subject to and upon the terms and conditions of the Equity Transfer Agreement
“Board”	the board of directors
“Business Day”	a day other than a Saturday, Sunday or public holiday, on which banks in Hong Kong are open for business generally
“CNC”	China New City Commercial Development Limited (中國新城市商業發展有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose issued shares are listed on the main board of the Stock Exchange
“CNC Group”	CNC and its subsidiaries
“CNC Shares”	ordinary share(s) of HK\$0.10 each in the share capital of CNC
“CNC Shareholders”	holders of CNC Share(s)
“CNC Specific Mandate”	the specific mandate to be sought from the CNC Shareholders for the allotment and issue of the Consideration Shares in contemplation of the Acquisition upon Completion
“Completion”	completion of the Equity Transfer Agreement in accordance with its terms
“connected person(s)”	has the meaning given to it in the Listing Rules

“Consideration Shares”	the 178,280,000 new CNC Shares to be allotted and issued by CNC at the issue price of HK\$2.47 per Consideration Share, credited as fully paid, for the purpose of settling the Consideration
“Consideration”	the consideration payable by Zhong An Shenglong to Hangzhou Oriental pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the conditional equity transfer agreement dated 20 July 2018 entered into between Hangzhou Oriental as vendor and Zhong An Shenglong as purchaser in relation to the Acquisition
“Group”	the Zhong An Group and the CNC Group collectively
“Hangzhou Oriental”	Hangzhou Oriental Culture Tourism Group Co., Ltd* (杭州東方文化園旅業集團有限公司), a limited liability company established in the PRC
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“independent third party(ies)”	party which is not a connected person of Zhong An or (as the case may be) CNC and “independent third parties” shall be construed accordingly
“Last Trading Day”	19 July 2018, being the last trading day immediately prior to the signing of the Equity Transfer Agreement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Equity Transfer Agreement”	the equity transfer agreement dated 21 August 2017 entered into between Hangzhou Oriental as vendor and Zhong An Shenglong as purchaser in relation to the acquisition by Zhong An Shenglong of 19.85% of the entire equity interest in Zhejiang Xinnongdou from Hangzhou Oriental (which was completed on 29 August 2017)
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the 22.65% of the entire equity interest in Zhejiang Xinnongdou held by Hangzhou Oriental
“Shareholders”	the Zhong An Shareholders or CNC Shareholders (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning given to it in the Listing Rules

“Zhejiang Xinnongdou”	Zhejiang Xinnongdou Industrial Co., Ltd* (浙江新農都實業有限公司), a limited liability company established in the PRC
“Zhejiang Xinnongdou Group”	Zhejiang Xinnongdou and its direct or indirect subsidiaries, associated companies and branch offices
“Zhong An”	Zhong An Real Estate Limited (眾安房產有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
“Zhong An Group”	Zhong An together with its subsidiaries
“Zhong An Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of Zhong An
“Zhong An Shareholders”	holders of Zhong An Shares
“Zhong An Shenglong”	Zhejiang Zhongan Shenglong Commercial Co., Ltd.* (浙江眾安盛隆商業有限公司), an indirect non-wholly owned subsidiary of CNC and an indirect non-wholly owned subsidiary of Zhong An, a limited liability company established in the PRC
“%”	per cent

* denotes English translation of the name of a Chinese company, and is provided for identification purposes only.

By order of the Board
Zhong An Real Estate Limited
 眾安房產有限公司
Shi Kancheng
 Chairperson

By order of the Board
China New City Commercial Development Limited
 中國新城市商業發展有限公司
Shi Kancheng
 Chairperson

The PRC, 20 July 2018

As at the date of this announcement, the Board of Zhong An comprises Mr Shi Kancheng (Chairman), Ms Wang Shuiyun, Ms Shen Tiaojuan, Mr Zhang Jiangang and Mr Jin Jianrong as executive directors; Ms Shen Li as non-executive director; and Professor Pei Ker Wei, Dr Loke Yu and Mr Zhang Huaqiao as independent non-executive directors.

As at the date of this announcement, the Board of CNC comprises Mr. Dong Shuixiao, Ms. Jin Ni and Ms. Tang Yiyan as executive directors; Mr. Shi Kancheng as non-executive director; and Mr. Ng Sze Yuen, Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung, as independent non-executive directors.