

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**JOINT ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
ACQUISITION OF APPROXIMATELY 31.56% IN MAGGIE AND
ROSE LIMITED**

On 27 May 2019 (after trading hours), Zhong An Education (a wholly-owned subsidiary of CNC and an indirect non-wholly owned subsidiary of Zhong An) entered into the Share Purchase Agreement with eight several individual Sellers to acquire approximately 31.56% of the issued share capital of Maggie and Rose Limited for the consideration of GBP8,840,090 (equivalent to approximately HK\$90,800,000).

For each of Zhong An and CNC, as the highest of the applicable percentage ratios in respect of the Acquisition (whether on a stand-alone basis or when aggregating with the existing effective shareholding of approximately 14.96% in Maggie and Rose Limited held by CNC (through Tiptop Global) acquired in 2018) calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction for each of Zhong An and CNC and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE SHARE PURCHASE AGREEMENT

Date: 27 May 2019

Parties: (i) Buyer – Zhong An Education Investments Holdings Limited
(ii) Sellers – Eight several individual holders of the Sale Shares

To the best of the knowledge, information and belief of the respective directors of Zhong An and CNC after having made all reasonable enquiries, the Sellers are third parties independent of Zhong An, CNC and their respective connected persons.

Assets to be acquired under the Acquisition: The Sale Shares (comprising 15,638 Ordinary Shares and 2,403 A Shares, together represent approximately 31.56% of the issued share capital of Maggie and Rose Limited) held by the Sellers, free from all encumbrances.

It is agreed that none of the Sellers nor the Buyer is obliged to complete the sale and/or purchase of any of the Sale Shares unless the sale and purchase of all the Sale Shares is completed simultaneously.

Consideration for the Acquisition: GBP 8,840,090 (equivalent to approximately HK\$90,800,000)

The consideration for the Acquisition was determined after arm's length negotiations between the Buyer and the Sellers having taken into account the net asset value of Maggie and Rose Limited as at 28 February 2019 with reference to the unaudited consolidated management accounts of Maggie and Rose Limited for the interim period ended 28 February 2019, its market position and business prospects mentioned in the paragraph headed "Reasons for and Benefits of the Acquisition" in this announcement.

The consideration for the Acquisition shall be paid by the Buyer to the Sellers (in the proportion in which the Sale Shares are held by each of them) in sterling and in cash as follows:

- (a) GBP2,946,696.67 as initial payment upon signing of the Share Purchase Agreement by the Sellers and the Buyer; and
- (b) GBP5,893,393.33 as additional payment on the Completion Date.

Conditions Precedent:

Completion of the Acquisition is subject to the Buyer's satisfaction that the following combined financial performance indicators of Maggie and Rose Limited and its wholly owned subsidiaries are met:

- (a) the asset-liability ratio (as defined as total assets divided by total liability) as of 31 August 2018 is at least 2.0;
- (b) the total revenue of the fiscal year ended 31 August 2018 was at least £3 million; and
- (c) the total loss of the fiscal year ended 31 August 2018 did not exceed £1 million.

Completion:

- Completion of the Acquisition is conditional upon the Conditions Precedent being satisfied or waived. The Buyer may take up to 30 days to investigate whether the Conditions Precedent have been met, and may at its discretion, by notice to the Sellers, waive the Conditions Precedent in whole or in part.
- Completion of the Acquisition is agreed to take place on or around the date on which the Conditions Precedent have been satisfied or waived, or on such earlier date as may be agreed in writing between the Sellers and the Buyer.

Termination:

The parties may, together by agreement in writing, terminate or vary any of the provisions of the Share Purchase Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Prior to the entering into of the Share Purchase Agreement, CNC (through Tiptop Global, a 75% owned subsidiary of CNC) acquired in 2018 a 19.95% stake in, and is effectively holding approximately 14.96% of, the issued share capital of Maggie and Rose Limited. Subject to and immediately following completion of the Acquisition pursuant to the Share Purchase Agreement, CNC (through the relevant subsidiaries) will effectively hold an aggregate of approximately 46.52% of the issued share capital of Maggie and Rose Limited.

After the formation of a joint venture by the CNC Group with, among others, Maggie and Rose Limited (through its wholly-owned subsidiary) in the Greater China Region as announced by CNC in its announcement dated 24 November 2017, the Group has, during the JV Cooperation under the Maggie & Rose Brand, seen a good business development trend through the engagement in the high quality family lifestyle business in the PRC. This includes, among other things, the operation of children development and education institutions and the provision of related services, which are of high market demand mostly because of the second-child policy and the accelerated urbanization of China, especially in the Yangtze River Delta Region where the Company has been long cultivating.

In light of the above, the respective Boards of Zhong An and CNC consider that it is a value-creating opportunity to invest further and acquire a larger stake in Maggie and Rose Limited to enable the Group to play a more significant and influential role over brand marketing strategy and business decision of this famous family club. The Group can leverage on its experience, expertise and connections of the property development and property management segment to make appropriate investment and create synergy in the Greater China Region for the high-quality family lifestyle club business with the aim of creating long term and substantial value for the shareholders of the Group.

Based on the aforesaid and having taken into account, among others, (1) the controlling proportion of the share in Maggie and Rose Limited that would be held indirectly by CNC after the Acquisition; and (2) the friendly and cohesive relationship built during the JV Cooperation, the respective directors of Zhong An and CNC consider that the terms of the Share Purchase Agreement for the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the shareholders of the Group as a whole.

INFORMATION ON MAGGIE AND ROSE LIMITED

Maggie and Rose Limited is a company incorporated with limited liability in and under the laws of England and Wales in 2007. It owns and operates, through its subsidiaries, a nursery, pre-school children's education programme and private family members clubs for parents and their children under the Maggie & Rose Brand in England and Wales.

Based on the unaudited consolidated management accounts of Maggie and Rose Limited for the year ended 31 August 2018, the net asset value of Maggie and Rose Limited was approximately GBP3,716,000 as at 31 August 2018. For the two years ended 31 August 2018, the net loss before and after taxation and extraordinary items attributable to Maggie and Rose Limited was approximately GBP475,000 and GBP664,000, respectively. Based on the unaudited consolidated management accounts of Maggie and Rose Limited for the interim period ended 28 February 2019, the net asset value of Maggie and Rose Limited as at 28 February 2019 was approximately GBP3,089,000.

Upon completion of the Acquisition, Maggie and Rose Limited is expected to be consolidated into the financial statements of the Zhong An Group and the CNC Group and be treated as a non-wholly owned subsidiary of Zhong An and CNC, as upon completion, CNC Group is expected to hold (through Tiptop Global and Zhong An Education) a majority of the issued share capital at the level of Maggie and Rose Limited.

FUNDING OF THE CONSIDERATION

The consideration for the Acquisition will be funded by the CNC Group's internal resources and/or external financing.

IMPLICATIONS OF THE LISTING RULES

For each of Zhong An and CNC, as the highest of the applicable percentage ratios in respect of the Acquisition contemplated under the Share Purchase Agreement (whether on a stand-alone basis or when aggregating with the existing effective shareholding of 14.96% in Maggie and Rose Limited held by CNC (through Tiptop Global) as disclosed above) calculated under Rule 14.07 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a disclosable transaction for each of Zhong An and CNC and is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INFORMATION ON ZHONG AN, CNC AND ZHONG AN EDUCATION

Zhong An

The principal activity of Zhong An is investment holding and, through its subsidiaries, property development, leasing and hotel operation in the PRC.

CNC

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.

Zhong An Education

Zhong An Education is a company incorporated in the British Virgin Islands with limited liability. It is a wholly-owned subsidiary of CNC which is, in turn, a non-wholly-owned subsidiary of Zhong An.

As completion of the Acquisition is subject to satisfaction or waiver of the Conditions Precedent, the Acquisition may or may not proceed. Shareholders and potential investors of Zhong An or CNC should exercise caution when dealing in the securities of Zhong An or CNC.

DEFINITIONS

The following words and phrases used in this announcement have the following meaning:

| | |
|------------------------|--|
| “Acquisition” | the acquisition by the Buyer from the Sellers the Sale Shares as contemplated under and pursuant to the terms of the Share Purchase Agreement |
| “A Shares” | the Class A shares of £0.01 each in the share capital of Maggie and Rose Limited, having the rights and restrictions set out in the M&R Articles. |
| “Board” | the board of directors |
| “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 liabilities, whose issued shares are listed on the main board of the Stock Exchange |
| “CNC Group” | CNC and its subsidiaries |
| “Completion Date” | the date of completion of the sale and purchase of the Sale Shares between the Sellers and the Buyer in accordance with the Share Purchase Agreement |
| “Conditions Precedent” | the conditions precedent to completion of the Acquisition as summarised in the paragraph headed “ <i>The Share Purchase Agreement – Conditions Precedent</i> ” in this announcement |
| “connected person” | has the meaning ascribed to it in the Listing Rules |

| | |
|---------------------------|--|
| “GBP” or “£” | Great British Pound, the lawful currency of the United Kingdom |
| “Greater China Region” | includes the PRC, Macau special Administrative Region of the PRC and Taiwan |
| “Group” | the Zhong An Group and the CNC Group collectively |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “JV Cooperation” | the formation of a joint-venture by the CNC Group with, among others, a wholly owned subsidiary of Maggie and Rose Limited and the operation of a family club house by engaging in the high quality family lifestyle business including, among other things, children development and education institutions under the Maggie & Rose Brand in the Greater China Region as announced by CNC on 24 November 2017 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Maggie and Rose Limited” | Maggie and Rose Limited, a company incorporated in England and Wales with limited liability and is effectively held as to approximately 14.96% by CNC as at the date of this announcement |
| “M&R Articles” | the articles of association of Maggie and Rose Limited, as amended from time to time |
| “Maggie & Rose Brand” | the “Maggie & Rose” brand known to the public and has a reputation and distinctive image of being associated with high quality family clubs that provide, among others, child care, education and recreation services |
| “Ordinary Shares” | the ordinary shares of £0.01 each in the capital of the Maggie and Rose Limited having the rights and restrictions set out in the M&R Articles |

| | |
|---------------------------------|---|
| “PRC” | the People’s Republic of China excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement |
| “Sale Shares” | 15,638 Ordinary Shares and 2,403 A Shares (representing approximately 31.56% of the entire issued share capital of Maggie and Rose Limited) agreed to be sold by the Sellers to the Buyer pursuant to the terms of the Share Purchase Agreement |
| “Sellers” | eight several individual sellers named under the Share Purchase Agreement |
| “Share Purchase Agreement” | the conditional share purchase agreement dated 27 May 2019 entered into by the Sellers and the Buyer in respect of the Acquisition |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Tiptop Global” | Tiptop Global Group Limited, a company with limited liability incorporated under the laws of Samoa whose 75% issued share capital is legally and beneficially owned by CNC through Zhong An Education |
| “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 Education “or “Buyer” | Zhong An Education Investments Holdings Limited, a company with limited liability incorporated under the laws of the British Virgin Islands, which is a wholly-owned subsidiary of CNC and an indirect non-wholly owned subsidiary of Zhong An |

“Zhong An Group”

Zhong An together with its subsidiaries

“%”

per cent

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

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
Chairman

Hong Kong, 28 May 2019

For the purpose of this announcement, an exchange rate of £1: HK\$10.27 has been adopted.

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