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众安房产
ZHONG AN REAL ESTATE

眾安房產有限公司

ZHONG AN REAL ESTATE LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)



**CHINA NEW CITY COMMERCIAL
DEVELOPMENT LIMITED**

中國新城市商業發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 1321)

JOINT ANNOUNCEMENT

IN RELATION TO DISPOSAL OF EQUITY INTEREST IN A JOINT VENTURE

The respective Boards of CNC and Zhong An are pleased to announce that on 24 December 2015, Sheng Long and Jiangsu GCL entered into the Share Transfer Agreement, pursuant to which Sheng Long conditionally agreed to transfer its entire 50% equity interest in Jiangsu Xiezhong to Jiangsu GCL, at a consideration of RMB170,000,000.

As one of the applicable percentage ratios for Zhong An is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the Disposal constitutes a discloseable transaction for Zhong An under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

INTRODUCTION

On 24 December 2015, Sheng Long and Jiangsu GCL, together with other parties as mentioned in this announcement, entered into the Share Transfer Agreement, pursuant to which Sheng Long conditionally agreed to transfer its entire 50% equity interest in a joint venture of the CNC Group, Jiangsu Xiezhong, to Jiangsu GCL on the principal terms and conditions as disclosed in this announcement.

DETAILS OF THE DISPOSAL UNDER THE SHARE TRANSFER AGREEMENT

Date: 24 December 2015

Parties: (1) Sheng Long, an indirect 90% non-wholly owned subsidiary of CNC holding 50% equity interest in Jiangsu Xiezhong and principally engaged in the businesses of property development and leasing

- (2) Jiangsu GCL, the other shareholder of Jiangsu Xiezhong holding 50% equity interest in Jiangsu Xiezhong, whose principal activities are property development, leasing and hotel operation in the PRC

To the best of the knowledge, information and belief of the respective directors of CNC and Zhong An having made all reasonable enquiry, Jiangsu GCL and its ultimate beneficial owner(s) are third parties independent of CNC, Zhong An and their respective connected persons

- (3) Jiangsu Xiezhong;
- (4) Mr. Zhu Yufeng; and
- (5) Jiangsu Jiarun.

Assets to be disposed of by Sheng Long: The 50% equity interests in Jiangsu Xiezhong held by Sheng Long

Consideration: RMB170,000,000

The Consideration was determined after arm's length negotiations between Sheng Long and Jiangsu GCL at a premium of RMB120,000,000 over 50% of the registered capital of Jiangsu Xiezhong in the amount of RMB50,000,000.

The Consideration shall be payable by Jiangsu GCL to Sheng Long in cash in the following manner:

- (1) RMB150,000,000 (the "**First Instalment**") within 3 working days after signing of the Share Transfer Agreement (i.e. on or before 29 December 2015); and
- (2) The balance in the sum of RMB20,000,000 within 3 working days after filing of the materials with the relevant department of the Ministry of Commerce and Industry of the PRC by Jiangsu Xiezhong in connection with the change in business registration particulars of Jiangsu Xiezhong as a result of the Disposal (the "**Submission of Change of Business Registration Materials**").

- Other principal terms:
- (1) Within 3 working days after signing of the Share Transfer Agreement (i.e. on or before 29 December 2015), Mr. Zhu Yufeng shall provide a counter-guarantee (the “**Counter-guarantee**”) in favour of Mr. Shi pursuant to the terms of the Share Transfer Agreement guaranteeing Mr. Shi’s obligations under a personal guarantee (“**Shi’s Personal Guarantee**”) which he has provided in favour of Ping An Bank Co., Ltd. (Nanjing branch) (平安銀行股份有限公司南京分行) (“**Ping An Bank**”) for a loan (the “**Ping An Bank Loan**”) up to the extent of RMB700,000,000 made by Ping An Bank to Jiangsu Xiezhong’s wholly-owned subsidiary, Jiangsu Jiarun.
 - (2) Within 3 working days after (i) the First Instalment is duly paid by Jiangsu GCL to Sheng Long and (ii) Mr. Zhu Yufeng has duly provided the Counter-guarantee, Jiangsu Xiezhong should proceed with the Submission of Change of Business Registration Materials.
 - (3) Within 3 working days after the Submission of Change of Business Registration Materials, Jiangsu Jiarun shall repay the existing shareholder’s loan in the amount of approximately RMB187,000,000 together with interest thereon at the rate of 10% per annum (the “**Shareholder’s Loan**”) that it owed to Sheng Long and in this regard, Jiangsu GCL covenants to provide sufficient fund to Jiangsu Jiarun.
 - (4) Sheng Long shall have the right to terminate the Share Transfer Agreement if the Consideration and the Shareholder’s Loan shall not be paid on or before 31 December 2015 due to the fault of Jiangsu GCL, Jiangsu Xiezhong or Jiangsu Jiarun.
 - (5) Jiangsu GCL shall, on or before 31 March 2016, either secure a replacement loan for repayment in full of the Ping An Bank Loan or a replacement guarantee from a guarantor acceptable to Ping An Bank in substitution of Shi’s Personal Guarantee.

Conditions for
Completion of the
Share Transfer
Agreement:

Completion of the Share Transfer Agreement is subject to the fulfillment of (i) the following conditions precedent and (ii) the pre-completion matters:

Conditions precedent

- (1) none of the representations and warranties given by the parties under the Share Transfer Agreement having been breached in any material respect;
- (2) shareholders of Jiangsu Xiezhong having duly passed resolutions to approve the Disposal; and

- (3) all necessary approvals, permissions and consents required to be obtained in respect of the Disposal having been obtained by Sheng Long and Jiangsu GCL in accordance with the applicable laws, rules and regulations.

Pre-completion matters

- (1) the relevant department of Ministry of Commerce and Industry of the PRC having issued an acknowledgement and approval of the Submission of Change of Business Registration Materials;
- (2) business registration searches against Jiangsu Xiezhong having shown that business registration procedures regarding the Disposal have been completed and Jiangsu GCL has become the sole registered shareholder of Jiangsu Xiezhong; and
- (3) the register of members of Jiangsu Xiezhong having been updated to indicate that Jiangsu GCL is the sole shareholder of Jiangsu Xiezhong.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

Jiangsu Xiezhong is a property development company engaged in a commercial property project in Jiangsu Industrial Park* (江蘇工業園). CNC believes that by disposing of Sheng Long's entire equity interest in Jiangsu Xiezhong, CNC Group may target to concentrate its resources on the development of commercial projects in other cities in the Yangtze River Delta Region, where higher asset turnover and return on investment are anticipated. The move is also in line with the corporate business planning and strategy of the CNC Group. Zhong An believes that the Disposal is beneficial to the business of the Zhong An Group as a whole.

The respective directors of CNC and Zhong An are of the view that the terms of the Disposal are fair and reasonable and in the interests of CNC and Zhong An and their respective shareholders.

FINANCIAL INFORMATION OF JIANGSU XIEZHONG

Set out below is certain financial information extracted from the management accounts of Jiangsu Xiezhong for the years ended 31 December 2013 and 2014:

	For the year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Revenue	–	–
Loss before taxation	(2,416)	(2,562)
Loss after taxation	(2,416)	(2,562)

The unaudited net asset value of Jiangsu Xiezhong as at 30 June 2015 is RMB90,162,000.

FINANCIAL EFFECTS OF THE DISPOSAL ON ZHONG AN GROUP AND CNC GROUP

Following completion of the Disposal, Jiangsu Xiezhong will no longer be a joint venture of the CNC Group. Based on the existing information available to the Zhong An and CNC, the expected gain from the Disposal will amount to approximately RMB124,919,000, which is based on the consideration less the net asset value of Jiangsu Xiezhong attributable to Sheng Long as at 30 June 2015. The expected gain on the Disposal attributable to Zhong An and CNC will amount to RMB82,184,210 and RMB112,427,100, respectively, which will be recognised in their respective consolidated income statements.

The gain on Disposal as disclosed above is subject to review and audit by auditors of Zhong An and CNC.

USE OF SALES PROCEEDS

The sales proceeds from the Disposal will amount to RMB170,000,000 (HK\$203,475,846). CNC intends to use the net proceeds for general working capital purposes and/or financing any potential commercial property related investment shall such opportunity arise in the future.

INFORMATION ON JIANGSU XIEZHONG

Jiangsu Xiezhong is a property development company whose principal activities are property development, leasing and hotel operation in the PRC.

Jiangsu Xiezhong is owned as to 50% by Sheng Long, which is owned indirectly as to 90% by CNC, which in turn is owned indirectly as to 73.1% by Zhong An.

INFORMATION ON ZHONG AN AND CNC

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.

CNC is an investment holding company. CNC Group is the commercial property arm of Zhong An. The principal activities of the CNC Group is the development and operation of integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze River Delta region as well as participating in the development strategies of new urbanisation in the PRC.

REQUIREMENTS UNDER THE LISTING RULES

As one of the applicable percentage ratios for Zhong An is greater than 5% but less than 25% for the purpose of Rule 14.07 of the Listing Rules, the Disposal constitutes a discloseable transaction for Zhong An under the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement the following expressions shall, unless the context requires otherwise, have the following meanings:

“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 liability, the shares of which are listed on the main board of the Stock Exchange and an indirect non-wholly owned subsidiary of Zhong An
“CNC Group”	CNC together with its subsidiaries
“Connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by Jiangsu GCL to Sheng Long pursuant to the Share Transfer Agreement
“Disposal”	the disposal of 50% equity interest of Jiangsu Xiezhong by Sheng Long
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Jiangsu GCL”	Jiangsu GCL Real Estate Company Limited* (江蘇協鑫房地產有限公司) a limited liability company established in the PRC, a third party independent of Zhong An, CNC and their respective connected persons
“Jiangsu Jiarun”	Jiangsu Jiarun Real Estate Co., Ltd.* (江蘇嘉潤置業有限公司), a limited liability company established in the PRC and a direct wholly owned subsidiary of Jiangsu Xiezhong
“Jiangsu Xiezhong”	Jiangsu Xiezhong Investment Co., Ltd.* (江蘇協眾投資有限公司), a limited liability company established in the PRC and its 50% equity interest is held through CNC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Shi”	Mr. Shi Kancheng (alias Shi Zhongan), executive director, chairman and chief executive officer of Zhong An and non-executive director and chairman of CNC
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of PRC

“Share Transfer Agreement”	the conditional share transfer agreement dated 24 December 2015 entered into between Sheng Long as vendor and Jiangsu GCL as purchaser, under which Sheng Long conditionally agreed to transfer its entire 50% equity interest in Jiangsu Xiezhong to Jiangsu GCL at a consideration of RMB170,000,000
“Sheng Long”	Zhejiang Zhong An Sheng Long Commercial Co., Ltd.* (浙江眾安盛隆商業有限公司), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of CNC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 shares of which are listed on the main board of the Stock Exchange
“Zhong An Group”	Zhong An together with its subsidiaries
“%”	percentage

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 = RMB0.83548. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

** denotes English translation of a term or the name of a Chinese company or entity, and is provided for identification purpose only.*

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

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

The PRC, 28 December 2015

As at the date of this announcement, the Board of Zhong An comprises Mr. Shi Kancheng, Mr. Lou Yifei, Ms. Shen Tiaojuan and Mr. Zhang Jiangan as executive directors; Professor of 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, Mr. Li Chu and Ms. Tang Yiyang 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.