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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)

## **MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF ZHEJIANG XINNONGDOU**

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

On 11 January 2017 (after trading hours), Zhong An Shenglong, an indirect non-wholly owned subsidiary of CNC (which, in turn, is a subsidiary of Zhong An), entered into a memorandum of understanding with Hangzhou Oriental in relation to the proposed acquisition by Zhong An Shenglong of 42.5% of the entire equity interests in Zhejiang Xinnongdou from Hangzhou Oriental.

The Proposed Acquisition, if materialised, may constitute a notifiable transaction for Zhong An and CNC under Chapter 14 of the Listing Rules. Zhong An and CNC will comply with the applicable requirements under the Listing Rules should the Proposed Acquisition materialise.

**The respective Boards of Zhong An and CNC wish to emphasize that the Proposed Acquisition contemplated under the MOU may or may not materialise, as it is subject to the entering of the Definitive Agreement. Accordingly, shareholders and potential investors of Zhong An and CNC should exercise caution when dealing in the securities of Zhong An or CNC.**

This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The respective Boards of Zhong An and CNC wish to announce that Zhong An Shenglong, an indirect non-wholly owned subsidiary of CNC (which, in turn, is a subsidiary of Zhong An), entered into the MOU with Hangzhou Oriental in relation to the proposed acquisition by Zhong An Shenglong of 42.5% of the entire equity interests in Zhejiang Xinnongdou from Hangzhou Oriental on 11 January 2017 (after trading hours).

## PRINCIPAL TERMS OF THE MOU

**Date:** 11 January 2017

**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, Hangzhou Oriental and its ultimate beneficial owner(s) are third parties independent of Zhong An, CNC and their respective connected persons (as defined in the Listing Rules).

**Purpose:** Zhong An Shenglong proposes to acquire 42.5% of the entire equity interests in Zhejiang Xinnongdou from Hangzhou Oriental. As at the date of the MOU, Hangzhou Oriental owns 42.5% of the entire equity interests in Zhejiang Xinnongdou. Upon the signing of the MOU, the parties will proceed to negotiate and confirm the terms and conditions of the Definitive Agreement.

**Proposed consideration for the Proposed Acquisition:** The proposed consideration for the Proposed Acquisition is expected to be about RMB700 million, which will be settled partly by cash and partly by the issue of new shares in CNC. The consideration for the Proposed Acquisition will be further negotiated, which is to be determined by reference to the net asset value of Zhejiang Xinnongdou as shown in its audited consolidated financial statements for the year ended 31 December 2016 and adjusted by the parties based on the results of the due diligence review.

**Earnest Deposit:** Under the MOU, Zhong An Shenglong shall pay a refundable earnest deposit in the amount of RMB127 million to Hangzhou Oriental within 5 Business Days from the date of the MOU. Zhong An Shenglong and Hangzhou Oriental have agreed that:

- (a) subject to sub-paragraphs (b) and (c) below, if the Definitive Agreement is entered into between the parties, the Earnest Deposit will be applied toward payment as deposit for, and/or satisfaction of, part of the consideration for the Proposed Acquisition;
- (b) if the parties fail to enter into any Definitive Agreement within nine months from the date of the MOU (or such longer period as mutually agreed by the parties), Hangzhou Oriental will refund the Earnest Deposit in full to Zhong An Shenglong without interest within 5 Business Days thereafter;

- (c) if Zhong An Shenglong serves written notice to Hangzhou Oriental indicating that it will not proceed with the negotiation in relation to the Definitive Agreement or the Proposed Acquisition, Hangzhou Oriental will immediately refund the Earnest Deposit in full to Zhong An Shenglong without interest.

**Share charge:**

As security for the refund of the Earnest Deposit in accordance with the terms of the MOU, within 20 Business Days from the date of the MOU (or such longer period as Zhong An Shenglong may agree), Hangzhou Oriental will procure the release of any existing share charge over 19.85% of the entire equity interests in Zhejiang Xinnongdou, and create a new share charge over such 19.85% equity interests in favour of Zhong An Shenglong and complete all required registration procedures for the share charge. If such procedures are not completed within 20 Business Days from the date of the MOU (or such longer period as Zhong An Shenglong may agree), and if Zhong An Shenglong requests, Hangzhou Oriental will immediately refund the Earnest Deposit in full to Zhong An Shenglong without interest. Under such circumstances, Zhong An Shenglong and Hangzhou Oriental will continue with the negotiation of the terms and conditions of the Definitive Agreement and the parties will further negotiate on other securities to be provided by Hangzhou Oriental as security for the refund of the Earnest Deposit.

**Exclusivity:**

Hangzhou Oriental has granted to Zhong An Shenglong an exclusivity period of nine months commencing from the date of the MOU (or such longer period as may be agreed by the parties) pursuant to which Hangzhou Oriental shall not negotiate or enter into any agreement or contract or agree with any parties other than Zhong An Shenglong in respect of, among others, any investment or sale of, and the management in, (a) the equity interests in any member of the Zhejiang Xinnongdou Group; (b) the principal assets of the Zhejiang Xinnongdou Group (other than inventories for operations (where applicable)); or (c) the principal business of the Zhejiang Xinnongdou Group, or take such other frustrating action so that any transactions contemplated under the MOU cannot be proceeded with or completed.

**Due diligence:**

Hangzhou Oriental has agreed that Zhong An Shenglong may conduct due diligence review on the Zhejiang Xinnongdou Group.

**Binding effect of the MOU:**

Save in relation to the provisions concerning the Earnest Deposit, exclusivity, due diligence, confidentiality, announcement and the binding effect of the MOU, the MOU does not constitute any legal binding obligation on the parties thereto to proceed with the Proposed Acquisition.

## **Reason for entering into the MOU**

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 activities 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 PRC.

The entering into of the MOU allows the Group to capture the business and development opportunities arising from the demand for modern logistics platform for agricultural products due to the continued urbanisation, economic growth and improvement in living standards of the residents in the Yangtze River Delta region and thereby may boost the revenue of the Group.

Accordingly, the respective directors of Zhong An and CNC consider that the terms of the MOU, which were negotiated by the parties on an arm's length basis, are fair and reasonable and in the overall interests of the Group.

## **GENERAL**

The Proposed Acquisition, if materialised, may constitute a notifiable transaction for Zhong An and CNC under Chapter 14 of the Listing Rules. Zhong An and CNC will comply with the applicable requirements under the Listing Rules should the Proposed Acquisition materialise.

**The respective Boards of Zhong An and CNC wish to emphasize that the Proposed Acquisition contemplated under the MOU may or may not materialise, as it is subject to the entering of the Definitive Agreement. Accordingly, shareholders and potential investors of Zhong An and CNC should exercise caution when dealing in the securities of Zhong An or CNC.**

## **DEFINITIONS**

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

“Board”	the board of directors
“Business Day”	a day other than a Saturday, Sunday or public holiday, on which banks in the PRC 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), a limited liability company incorporated under the laws of Cayman Islands whose shares are listed on the main board of the Stock Exchange
“CNC Group”	CNC and its subsidiaries
“connected person(s)”	has the meaning given to it in the Listing Rules
“Definitive Agreement”	the final and binding sale and purchase agreement to be entered into between Zhong An Shenglong and Hangzhou Oriental in relation to the Proposed Acquisition
“Earnest Deposit”	the earnest deposit for the sum of RMB127 million payable by Zhong An Shenglong to Hangzhou Oriental pursuant to the MOU
“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
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 11 January 2017 and entered into between Zhong An Shenglong and Hangzhou Oriental in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition by Zhong An Shenglong of 42.5% of the entire equity interests in Zhejiang Xinnongdou from Hangzhou Oriental
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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 shares of which are listed on the main board of the Stock Exchange
“Zhong An Group”	Zhong An together with its subsidiaries
“Zhong An Shenglong”	Zhejiang Zhongan Shenglong Commercial Co., Ltd.* (浙江眾安盛隆商業有限公司), a limited liability company and an indirect non-wholly owned subsidiary of the Company established in the PRC
“%”	percentage

\* 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, 11 January 2017

*As at the date of this announcement, the Board of Zhong An comprises Mr Shi Kancheng, Ms Shen Tiaojuan, Mr Zhang Jiangan and Mr Jin Jianrong as executive directors; 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 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.*