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众安房产  
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 DISCLOSEABLE TRANSACTION IN REALTION TO ACQUISITION OF EQUITY INTERESTS IN ZHEJIANG XINNONGDOU**

Reference is made to the joint announcement of Zhong An and CNC dated 11 January 2017 in relation to the MOU for the proposed acquisition of equity interests in Zhejiang Xinnongdou.

The respective Boards of Zhong An and CNC wish to announce that Zhong An Shenglong (an indirect non-wholly owned subsidiary of CNC and an indirect, non-wholly owned subsidiary of Zhong An), entered into the Equity Transfer Agreement with Hangzhou Oriental on 21 August 2017 (after trading hours), pursuant to which Zhong An Shenglong has conditionally agreed to acquire 19.85% of the entire equity interests in Zhejiang Xinnongdou from Hangzhou Oriental.

The Acquisition contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for Zhong An and CNC under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

Reference is made to the joint announcement of Zhong An and CNC dated 11 January 2017 in relation to the MOU for the proposed acquisition of equity interests in Zhejiang Xinnongdou.

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## THE EQUITY TRANSFER AGREEMENT

**Date:** 21 August 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 are third parties independent of Zhong An, CNC and their respective connected persons.

**Assets to be acquired:** 19.85% of the entire equity interests in Zhejiang Xinnongdou held by Hangzhou Oriental

**Consideration for the Acquisition:** RMB327 million

The Consideration was determined after arm's length negotiations between Zhong An Shenglong and Hangzhou Oriental, with reference to the appraised asset value of Zhejiang Xinnongdou as at 31 December 2016 as appraised by an independent qualified valuer, the audited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2016 and the consolidated management accounts of Zhejiang Xinnongdou for the six months ended 30 June 2017.

The Consideration is payable by Zhong An Shenglong to Hangzhou Oriental in the following manner:

- (1) the Earnest Deposit in the sum of RMB127 million paid by Zhong An Shenglong pursuant to the MOU will be applied towards part payment of the Consideration under the Equity Transfer Agreement; and
- (2) the balance of RMB200 million will be paid in cash on the Completion Date.

**Conditions:**

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

- (i) Hangzhou Oriental procuring the completion of the transfer to, and the registration of, the Sale Interest under the name of Zhong An Shenglong;
- (ii) Hangzhou Oriental providing Zhong An Shenglong a financial due diligence report on Zhejiang Xinnongdou for the year ended 31 December 2016 prepared by an independent accounting firm;
- (iii) Hangzhou Oriental having notified all other shareholders of Zhejiang Xinnongdou in respect of the Acquisition and the transactions contemplated under the Equity Transfer Agreement; and obtained waiver of their respective pre-emptive rights in respect of the Sale Interest; and the approval by the respective boards of directors and shareholders of Hangzhou Oriental and Zhejiang Xinnongdou for the transfers of the Sale Interest to Zhong An Shenglong having been obtained;
- (iv) Zhong An Shenglong having completed and is 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; and
- (v) CNC and Zhong An having obtained all necessary consents and approvals as may be required in respect of the transactions to be contemplated under the Equity Transfer Agreement.

In the event that any of the above conditions are not fulfilled or waived on or before 5 p.m. on 30 November 2017 (or such other period as agreed by Zhong An Shenglong), 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. Upon termination of the Equity Transfer Agreement, Hangzhou Oriental shall refund the Earnest Deposit in full to Zhong An Shenglong without interest within 5 Business Days thereafter. None of the above conditions precedent can be waived by Hangzhou Oriental while conditions precedent (ii) or (iv) can be waived by Zhong An Shenglong.

**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. Regardless of whether Zhong An Shenglong terminates the Equity Transfer Agreement, Hangzhou Oriental shall pay Zhong An Shenglong a liquidated damages of RMB50 million. Hangzhou Oriental shall indemnify Zhong An Shenglong in full against any losses which may be suffered by Zhong An Shenglong as a result of such breach.
- (ii) If Zhong An Shenglong fails to comply with its payment obligation under the Equity Transfer Agreement, or Hangzhou Oriental fails to refund the Earnest Deposit in accordance with the terms of the Equity Transfer Agreement, the defaulting party shall pay the non-defaulting party 0.03% of the amount due and payable (calculated on daily basis) as liquidated damages.
- (iii) Save as otherwise provided for in the Equity Transfer Agreement, if any party is in breach of the Equity Transfer Agreement, the defaulting party shall pay to the non-defaulting party an amount equivalent to 5% of the Consideration as liquidated damages for any loss suffered by the non-defaulting party, provided that if the actual loss suffered by the non-defaulting party is greater than 5% of the Consideration, the defaulting party shall indemnify the non-defaulting party for the actual amount of loss suffered by the non-defaulting party in full.

**REASON FOR, AND BENEFITS OF, THE ACQUISITION**

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 Share 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 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 audited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2016, the net asset value of Zhejiang Xinnongdou was approximately RMB4.3 billion 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 RMB88.9 million and RMB38.2 million, respectively. Based on the audited consolidated financial statements of Zhejiang Xinnongdou for the year ended 31 December 2015, the net profit before and after taxation and extraordinary items attributable to Zhejiang Xinnongdou for the year ended 31 December 2015 amounted to approximately RMB66.3 million and RMB34.0 million, respectively.

## **FUNDING OF THE CONSIDERATION**

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

## **REQUIREMENTS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules exceeds 5% but less than 25%, the Acquisition contemplated under the Equity Transfer Agreement constitutes a discloseable transaction for Zhong An and CNC under Chapter 14 of the Listing Rules.

## 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 liabilities, whose issued 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   |
| “Completion”          | completion of the Equity Transfer Agreement in accordance with its terms   |
| “Completion Date”     | the fifth Business Day after the date on which the conditions set out in the Equity Transfer Agreement are fulfilled or, as the case may be, waived  |
| “Consideration”       | the consideration payable by Zhong An Shenglong to Hangzhou Oriental pursuant to the Equity Transfer Agreement   |
| “Earnest Deposit”     | the earnest deposit for the sum of RMB127 million paid by Zhong An Shenglong to Hangzhou Oriental pursuant to the MOU, which is applied towards part payment of the Consideration pursuant to the terms of the Equity Transfer Agreement |

|                             |   |
|-----------------------------|---|
| “Equity Transfer Agreement” | the conditional 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  |
| “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  |
| “Listing Rules”             | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “MOU”                       | the memorandum of understanding dated 11 January 2017 entered into between Zhong An Shenglong and 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 |
| “PRC”                       | the People’s Republic of China  |
| “RMB”                       | Renminbi, the lawful currency of the PRC  |
| “Sale Interest”             | the 19.85% of the entire equity interests in Zhejiang Xinnongdou held by Hangzhou Oriental  |
| “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 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 CNC 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, 21 August 2017

*As at the date of this announcement, the Board of Zhong An comprises Mr Shi Kancheng, 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 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.*