THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other independent professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

This circular is not for distribution, directly or indirectly, in or into the United States. This circular does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States. The Shares and the CNC Shares have not been and will not be registered under the US Securities Act and may not be offered or sold in the United States except pursuant to registration or an exemption from the registration requirements of the US Securities Act. No public offering of the Shares and the CNC Shares will be made in the United States.

Certain information contained in this circular is subject to amendment, finalization and approval for publication of the CNC Prospectus. The Proposed Spin-off is subject to, among others, the Stock Exchange granting approval for the listing of, and permission to deal in, all of the CNC Shares. Shareholders of, and prospective investors in, the securities of the Company should therefore exercise extreme caution in interpreting the information contained in this circular and when dealing in such securities.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities. In particular, this circular does not constitute and is not an offer to sell or an invitation or a solicitation of any offer to buy or subscribe for any securities in Hong Kong, the United States or elsewhere.

众安房产
ZHONG AN REAL ESTATE

ZHONG AN REAL ESTATE LIMITED
眾 安 房 產 有 限 公 司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)

MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY IN RELATION TO THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF CHINA NEW CITY COMMERCIAL DEVELOPMENT LIMITED ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Independent Financial Adviser to
the Independent Board Committee and to the Shareholders

時富金融
CFSG

A letter from the Board to the Shareholders is set out on pages 17 to 68 of this circular.

A letter from the Independent Board Committee to the Shareholders, containing its advice in relation to the Proposed Spin-off, is set out on pages 69 to 70 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and to the Shareholders, containing its advice in relation to the Proposed Spin-off, is set out on pages 71 to 110 of this circular.

A notice convening the EGM to be held at Conference Room 4, 4/F., Holiday Inn Xiaoshan Hangzhou, 688 Shanyin Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC on Friday, 30 May 2014 at 9:30 a.m. is set out on pages 184 to 185 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon as soon as possible but in any event not later than 48 hours before the time appointed for holding the EGM or any adjourned meeting. **Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting should you so wish.**

14 May 2014

TIMETABLE FOR THE EGM AND THE PREFERENTIAL OFFERING

The indicative times below refer to Hong Kong local time and may be subject to further changes when the timetable of the Proposed Spin-off is finalized. Further announcement(s) will be made as and when necessary.

	2014
EGM	
Latest time for return of proxy forms in respect of the EGM	9:30 a.m. on Wednesday, 28 May
Latest time for lodging transfers of Shares to be eligible for attending and voting at the EGM	4:30 p.m. on Wednesday, 28 May
Register of members of the Company closes (both days inclusive)	Thursday, 29 May to Friday, 30 May
EGM	**9:30 a.m. on Friday, 30 May**
Register of members of the Company re-opens	Tuesday, 3 June
Preferential Offering	
Last day for dealing in Shares on a cum-entitlement basis to the Preferential Offering	Tuesday, 3 June
First day for dealing in Shares on an ex-entitlement basis to the Preferential Offering	Wednesday, 4 June
Latest time for lodging transfers of Shares to qualify for the Preferential Offering *(Note)*	4:30 p.m. on Thursday, 5 June
Register of members of the Company closes (both days inclusive) *(Note)*	Friday, 6 June to Tuesday, 10 June
Record Date for determining the entitlement to the Preferential Offering *(Note)*	**4:30 p.m. on Friday, 6 June**
Register of members of the Company re-opens	Wednesday, 11 June

Note: The Board may determine another date for the closure of the register of members of the Company in order to determine entitlements under the Preferential Offering, in which case a further announcement will be made to inform the Shareholders.

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

"Anhui Zhong An Real Estate"	Anhui Zhong An Real Estate Development Co., Ltd.* (安徽眾安房地產開發有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 9 August 2001, an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Articles of Association" or "Articles"	the articles of association of the Company
"associates"	has the meaning ascribed thereto under the Listing Rules
"Assured Entitlements"	the entitlement of a Qualifying Shareholder to apply for Reserved Shares under the Preferential Offering to be determined on the basis of their respective shareholdings in the Company at 4:30 p.m. on the Record Date
"Baita Development"	Baita New Town Development Construction Co., Ltd.* (白塔新城發展建設有限公司), a joint venture expected to be established under the laws of the PRC pursuant to a cooperation agreement entered into between Baita Town Government and Zhong An Shenglong dated 15 November 2013 and will become an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Baita Town Government"	The People's Government of Baita Town* (仙居縣白塔鎮人民政府), Xianju County, Taizhou, Zhejiang Province, PRC
"BLUE Application Form(s)"	the application form(s) to be sent to Qualifying Shareholders to subscribe for the Reserved Shares pursuant to the Preferential Offering
"Board"	the board of directors of the Company
"Business Day"	any day (other than Saturday and Sunday) in Hong Kong on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands

"Capitalization Issue"	the issue of CNC Shares to Ideal World on or prior to Listing Date by way of capitalization of certain sum standing to the credit of the share premium account of China New City being credited as a result of the Global Offering, details of which will be set out in the CNC Prospectus
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"Chaoyang Community Site"	a parcel of land situated at Chaoyang Community, Shushan Street, east to Shixin Road, south to Shiyanshan River, west to Xihe Road and north to Nansi Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC
"China New City"	China New City Commercial Development Limited (中國新城市商業發展有限公司), a company incorporated on 2 July 2013 with limited liability under the laws of the Cayman Islands and an indirect wholly owned subsidiary of the Company
"Chunan Minfu"	Chunan Minfu Property Co., Ltd.* (淳安民福旅遊置業有限公司), a limited liability company invested by foreign invested enterprise established under the laws of the PRC on 24 October 2003 and an indirect wholly owned subsidiary of China New City upon completion of the Reorganization
"Cixi Property Development"	Cixi Zhong An Property Development Co., Ltd.* (慈溪眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on 28 February 2013, an indirect non-wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"CNC Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and, in the context of this circular, means the controlling shareholders of China New City immediately after the Global Offering, being Ideal World, the Company, Whole Good and Mr Shi, and each a "CNC Controlling Shareholder"
"CNC Group"	the group of companies comprising of China New City and its subsidiaries following completion of the Reorganization

"CNC Prospectus"	the prospectus to be issued by China New City for the Global Offering
"CNC Shares"	ordinary shares of HK$0.10 each in the share capital of China New City
"Company"	Zhong An Real Estate Limited（眾安房產有限公司）, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 672)
"connected person"	has the meaning ascribed to it under Chapter 1 of the Listing Rules
"Cooperation Agreement"	a cooperation agreement entered into between Yuyao Zhong'an Property and Yuyao Times Square Property dated 16 March 2014 in respect of the appointment of Yuyao Zhong'an Property as an exclusive project manager for the provision of management and supervision of the ongoing construction, development and sales of the Times Square Residential Portion by Yuyao Zhong'an Property
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held on Friday, 30 May 2014 or any adjournment thereof for the purpose of considering and, if thought fit, approving the Proposed Spin-off
"GFA"	gross floor area
"GFA available for sale"	(i) in respect of completed properties, the GFA that has been designed by the CNC Group for sale but has not been sold yet; and (ii) in respect of properties under development, the estimated GFA that is designed by the CNC Group for sale
"GFA held for investment"	(i) in respect of completed properties, the GFA that has been designed by the CNC Group for leasing; and (ii) in respect of properties under development, the estimated GFA that is designed by the CNC Group for leasing

"GFA pre-sold"	the GFA that has been sold but has not been delivered to the CNC Group's customers
"GFA sold"	the GFA that has been sold and delivered to the CNC Group's customers
"Global Offering"	collectively, the proposed issue and offer for subscription of the CNC Shares to the public in Hong Kong and the international placing of the CNC Shares to professional, institutional and other investors
"Group"	the Company and its subsidiaries (including the CNC Group)
"Hangzhou Danube"	Hangzhou Danube Real Estate Co., Ltd.* (杭州多瑙河置業有限公司), a limited liability company established under the laws of the PRC on 7 March 2003, an indirect non-wholly owned subsidiary of the Company
"Hangzhou Dehong"	Hangzhou Dehong New Constructions Materials Management Co., Ltd.* (杭州德宏新型建材有限公司), formerly known as Hangzhou Dehong Investment Management Co., Ltd.* (杭州德宏投資管理有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 1 February 2008 and an indirect wholly owned subsidiary of China New City upon completion of the Reorganization
"Hangzhou Fukai Management"	Hangzhou Fukai Management Co., Ltd* (杭州富凱企業管理有限公司), a limited liability company established under the laws of the PRC on 2 March 2011 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Hangzhou Huihong"	Hangzhou Huihong Investment Management Co., Ltd.* (杭州匯宏投資管理有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 19 February 2008 and an indirect wholly owned subsidiary of China New City upon completion of the Reorganization
"Hangzhou Huijun"	Hangzhou Huijun Information Technology Co., Ltd.* (杭州匯駿信息技術有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 5 December 2007 and an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group

"Hangzhou Junjie"	Hangzhou Junjie Investment Co., Ltd.*（杭州駿杰投資管理有限公司）, a wholly foreign owned enterprise established under the laws of the PRC on 4 December 2007, an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Hangzhou Land Bureau"	Hangzhou Xiaoshan Branch of Land Resources Bureau（杭州市國土資源局蕭山分局）
"Hangzhou Xiaoshan Government"	Shushan Street Office of the People's Government of Xiaoshan District, Hangzhou, Zhejiang Province, the PRC（杭州市蕭山區人民政府蜀山街道辦事處）
"Hangzhou Xiaoshan Holiday Inn"	Hangzhou Xiaoshan Zhong'an Holiday Inn Co., Ltd.*（杭州蕭山眾安假日酒店有限公司）, a limited liability company established under the laws of the PRC on 28 May 2007 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Hangzhou Zheng Jiang"	Hangzhou Zheng Jiang Real Estate Development Co., Ltd.*（杭州正江房地產開發有限公司）, a limited liability company established under the laws of the PRC on 16 March 2006 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Hangzhou Zhongqiang"	Hangzhou Zhongqiang Construction Co., Ltd.*（杭州眾強建築實業有限公司）, a limited liability company established under the laws of the PRC on 22 April 1996, and a holder of 10% equity interest of Zhong An Property Development Xiaoshan, which is a 90% held subsidiary of China New City upon completion of the Reorganization. The beneficial shareholders of Hangzhou Zhongqiang are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）
"Hefei Holiday Inn"	Hefei Zhong'an Holiday Inn Co., Ltd.*（合肥眾安假日酒店有限公司）, a limited liability company invested by foreign invested enterprise established under the laws of the PRC on 18 March 2008 and an indirect wholly owned subsidiary of China New City upon completion of the Reorganization

"Henlly Enterprise"	Henlly Enterprise Management (Hangzhou) Co., Ltd.* (恒利企業管理(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 4 December 2006 and a wholly owned subsidiary of China New City upon completion of the Reorganization
"Highlong Commercial Buildings"	Hangzhou Zhong An Highlong Commercial Buildings Co., Ltd.* (杭州眾安恒隆商厦有限公司), a limited liability company established under the laws of the PRC on 20 September 2005 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Hui Yuan"	Hong Kong Hui Yuan Real Estate Limited (香港匯源地產有限公司), a limited liability company incorporated in Hong Kong on 26 February 2008 and an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Hong Kong Offer Shares"	the CNC Shares (subject to adjustment) being offered by China New City for subscription pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price, on and subject to the terms and conditions described in the CNC Prospectus and the related application forms
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement relating to the Hong Kong Public Offering to be entered into between, among others, China New City, the Hong Kong Underwriters and the Sole Global Coordinator

"Huijun Construction"	Huijun Construction Materials Trading (Hangzhou) Co., Ltd.* （匯駿建材物資貿易(杭州)有限公司）, a wholly foreign owned enterprise established under the laws of the PRC on 16 July 2008 and an indirect wholly owned subsidiary of China New City upon completion of the Reorganization
"Huijun International"	Huijun (International) Holdings Limited （匯駿(國際)控股有限公司）, a company incorporated in Hong Kong with limited liability on 4 March 2005 and a direct wholly owned subsidiary of China New City upon completion of the Reorganization
"Huijun Property"	Zhejiang Huijun Real Estate Co., Ltd.* （浙江匯駿置業有限公司）, a sino-foreign equity joint venture established under the laws of the PRC on 1 April 2005 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Ideal World"	Ideal World Investments Limited, a company incorporated in the BVI with limited liability on 6 November 2003 and a direct wholly owned subsidiary of the Company
"Independent Board Committee"	the independent board committee formed by all the independent non-executive Directors to advise the Shareholders on the Proposed Spin-off
"Independent Financial Adviser"	Celestial Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off
"Independent Third Party(ies)"	a party which is not connected (as defined in the Listing Rules) to the directors, substantial shareholders or chief executive of the Company or its subsidiaries and their respective associates
"International Office Center"	International Office Center located in Qianjiang Century City （錢江世紀城） of Xiaoshan District, Hangzhou, the PRC

"International Offering"	the conditional placing by the International Underwriters of the International Offer Shares with institutional and professional investors and other investors expected to have a sizeable demand for the CNC Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S
"International Offer Shares"	the CNC Shares to be initially offered by China New City for subscription at the Offer Price under the International Offering, subject to adjustment and re-allocation as described in the CNC Prospectus. International Offer Shares also include Reserved Shares to be offered under the Preferential Offering
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the underwriting agreement relating to the International Offering to be entered into between, among others, China New City and the International Underwriters
"Jiangsu Jiarun"	Jiangsu Jiarun Real Estate Co., Ltd.*（江蘇嘉潤置業有限公司）, a limited liability company established under the laws of the PRC on 9 September 2011 and a joint venture of China New City upon completion of the Reorganization
"Jiangsu Xiezhong"	Jiangsu Xiezhong Investment Co., Ltd.*（江蘇協眾投資有限公司）, a limited liability company established under the laws of the PRC on 14 April 2011 and a joint venture of China New City upon completion of the Reorganization
"JT&N Law Firm"	Jincheng Tongda & Neal
"Land Acquisition Agreement"	a land acquisition agreement entered into between Hangzhou Huihong and Anhui Zhong An Real Estate dated 20 March 2014 in respect of the acquisition of the land on which the VC Hotel is situated together with the buildings under construction thereon
"Land Use Right Grant Contract"	the contract for the grant of the land use right of State-owned land*（國有建設用地使用權出讓合同）entered into between Zhejiang Zhong An, Hangzhou Land Bureau and Hangzhou Xiaoshan Government dated 3 April 2014 in respect of the Chaoyang Community Site

"Latest Practicable Date"	7 May 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Listing"	the listing of the CNC Shares on the Main Board of the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date on which dealings in the CNC Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market operated by the Stock Exchange, which excludes the Growth Enterprise Market of the Stock Exchange and the options market
"Mr Shi"	Mr Shi Kancheng(施侃成)(alias Shi Zhongan(施中安)), the chairman, chief executive officer and an executive Director of the Company and one of the CNC Controlling Shareholders
"New Cixi Zhongan"	Cixi Zhong An Real Estate Co., Ltd* (慈溪眾安置業有限公司), a limited liability company established under the laws of the PRC on 6 December 2013 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Non-compete Undertakings"	the deed of non-compete undertakings proposed to be entered into between the CNC Controlling Shareholders and China New City
"Non-Qualifying Shareholders"	Overseas Shareholder(s) whose name(s) appear(s) in the branch register of members of the Company in Hong Kong at 4:30 p.m. on the Record Date and whose address(es) as shown in such register are in the PRC and/or such jurisdiction which the Board may from time to time, having made relevant enquiries, considers the exclusion of such Overseas Shareholder(s) from the Preferential Offering to be necessary or expedient on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction and on the basis permitted under Rule 13.36(2) of the Listing Rules, and each such jurisdiction being a "**Non-Qualifying Jurisdiction**"

"Offer Price"	the final Hong Kong dollar price per CNC Share (exclusive of brokerage, SFC transaction levy, and Stock Exchange trading fee) at which the CNC Shares are to be issued or sold pursuant to the Global Offering
"Offer Shares"	the Hong Kong Offer Shares, the International Offer Shares and the Reserved Shares, together (where applicable) with any CNC Shares to be issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by China New City to the Sole Global Coordinator on behalf of the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters pursuant to the International Underwriting Agreement to require China New City to issue additional CNC Shares representing up to 15% of the initial Offer Shares at the Offer Price to, among other things, cover over-allocations in the International Offering, if any
"Overseas Shareholders"	Shareholders whose addresses on the branch register of members of the Company in Hong Kong are in jurisdictions outside Hong Kong
"PN15"	Practice Note 15 of the Listing Rules
"PN15 Submission"	the submission made by the Company to the Stock Exchange pursuant to PN15 on 13 June 2013
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Preferential Offering"	the preferential offer to Qualifying Shareholders for subscription of the Reserved Shares on an assured basis at the Offer Price on and subject to the terms and conditions stated in the CNC Prospectus and in the **BLUE** Application Form

"Pre-opening Management Agreement"	a pre-opening management agreement entered into between Hefei Holiday Inn and Anhui Zhong An Real Estate dated 20 March 2014 in respect of the appointment of Hefei Holiday Inn as an exclusive project manager for the provision of overall management and supervision of the ongoing construction and development of the VC Hotel by Hefei Holiday Inn
"Previous Announcements"	the announcements of the Company dated 21 June 2013, 30 September 2013, 28 February 2014 and 14 May 2014 in relation to, inter alia, the Proposed Spin-off
"Proposed Spin-off"	the proposed spin-off of China New City by way of the Global Offering and a separate listing of CNC Shares on the Main Board of the Stock Exchange
"Qirui Enterprise"	Qirui Enterprise Management (Hangzhou) Co., Ltd.* (祺瑞企業管理(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 21 November 2005, an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Qirui Management"	Qirui Commercial Management (Hangzhou) Co., Ltd.* (祺瑞商業管理(杭州)有限公司), a wholly foreign owned enterprise established under the laws of the PRC on 18 October 2013 and a direct wholly owned subsidiary of China New City upon completion of the Reorganization
"Qualifying Shareholders"	Shareholders whose names appear on the branch register of members of the Company in Hong Kong as holding 1,000 or more Shares at 4:30 p.m. on the Record Date, other than the Non-Qualifying Shareholders, who shall be entitled to subscribe for the Reserved Shares on a preferential basis pursuant to the Preferential Offering
"Record Date"	6 June 2014 (or such later date as may be determined and announced by the Company), being the record date for ascertaining the Assured Entitlements of the Qualifying Shareholders to the CNC Shares
"Regulation S"	Regulation S under the US Securities Act
"Remaining Zhong An Group"	the Company and its subsidiaries after completion of the Reorganization, excluding the CNC Group

"Reorganization"	the corporate reorganization undertaken and to be undertaken by the Group in preparation for the Proposed Spin-off, pursuant to which China New City will become the holding company of the CNC Group
"Reserved Shares"	the Offer Shares available under the Global Offering to be offered by China New City to the Qualifying Shareholders pursuant to the Preferential Offering as Assured Entitlements and which are to be allocated out of the International Offering
"RMB" or "Renminbi"	Renminbi Yuan, the lawful currency of the PRC
"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Shanghai Zhong An Property Development"	Shanghai Zhong An Property Development Co., Ltd.* (上海眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on 19 January 2004 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Share(s)"	share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	registered holder(s) of the Share(s)
"Sole Global Coordinator"	the sole global coordinator of the Global Offering
"sq.m."	square meter(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed to it in section 2 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
"substantial shareholder"	a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meetings of the Company

"Supplemental Commercial LURG Contract"	the supplemental contract for the grant of the land use right of State-owned land*（國有建設用地使用權出讓補充合同）entered into between Zhong An Shenglong, Hangzhou Land Bureau and Hangzhou Xiaoshan Government as supplement to the Land Use Right Grant Contract dated 3 April 2014 in respect of the commercial portion of the Chaoyang Community Site
"Supplemental Residential LURG Contract"	the supplemental contract for the grant of the land use right of State-owned land*（國有建設用地使用權出讓補充合同）entered into between Zhejiang Zhong An, Hangzhou Land Bureau and Hangzhou Xiaoshan Government as supplement to the Land Use Right Grant Contract dated 3 April 2014 in respect of the residential portion of the Chaoyang Community Site
"Times Square Residential Portion"	the residential properties situated on top of a commercial complex in Zhong An Times Square (Phase II)
"Tonglu Development JV"	Tonglu Xiaoyuanshan Wellness Investment Development Company Limited*（桐廬小源山養生投資開發有限公司), a joint venture established under the laws of the PRC on 31 March 2014 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"United States" or "U.S."	the United States of America, including the District of Columbia, its territories and possessions
"US$"	United States dollars, the lawful currency of the United States
"US Securities Act"	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VC Hotel"	the planned hotel under construction within the Vancouver City project
"White Horse Property Development"	Hangzhou White Horse Property Development Co., Ltd.*（杭州白馬房地產開發有限公司), a limited liability company established under the laws of the PRC on 27 June 2002 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization

"Whole Good"	Whole Good Management Limited(全好管理有限公司), a company incorporated in the BVI on 3 May 2007 and wholly owned by Mr Shi
"Yuyao Property Development"	Yuyao Zhong An Property Development Co., Ltd.* (余姚眾安房地產開發有限公司), a limited liability company established under the laws of the PRC on 5 March 2010, an indirect non-wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Yuyao Times Square Development"	Yuyao Zhongan Times Square Development Co., Ltd* (余姚眾安時代廣場開發有限公司), a limited liability company established under the laws of the PRC on 5 August 2013 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Yuyao Times Square Management"	Yuyao Zhongan Times Square Commercial Management Co., Ltd.* (余姚眾安時代廣場商業管理有限公司), a limited liability company established under the laws of the PRC on 6 December 2011 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Yuyao Times Square Property"	Yuyao Zhongan Times Square Property Co., Ltd.* (余姚眾安時代廣場置業有限公司), a sino-foreign equity joint venture established under the laws of the PRC on 13 August 2013, an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Yuyao Zhong'an Property"	Yuyao Zhong'an Property Co., Ltd.* (余姚眾安置業有限公司), a sino-foreign equity joint venture established under the laws of the PRC on 10 December 2010, an indirect non-wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Zhejiang Auction Center"	Zhejiang International Commodity Auction Center Company Limited* (浙江國際商品拍賣中心有限責任公司)

"Zhejiang Zhong An"	Zhong An Group Co., Ltd.* (眾安集團有限公司), formerly known as Zhejiang Zhongan Property Development Co., Ltd.* (浙江眾安房地產開發有限公司), a limited liability company invested by foreign invested enterprise established under the laws of the PRC on 26 December 1997, an indirect non-wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Zhongan Changhong Investment"	Hangzhou Zhongan Changhong Investment Management Co., Ltd.* (杭州眾安長宏投資管理有限公司), a limited liability company established under the laws of the PRC on 26 August 2011 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Zhongan Commercial Investment"	Zhejiang Zhongan Commercial Investment Management Co., Ltd.* (浙江眾安商業投資管理有限公司), a limited liability company established under the laws of the PRC on 1 August 2011 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Zhongan Construction"	Zhejiang Zhong An City Construction Investment Co., Ltd.* (浙江省眾安城市建設投資有限公司), a limited liability company established under the laws of the PRC on 17 December 2013 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Zhong An International Shipping"	Zhong An International Shipping (Hong Kong) Limited (眾安國際航運(香港)有限公司), a company incorporated in Hong Kong with limited liability on 11 October 2011 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"Zhong An Liyumen"	Hangzhou Zhong An Shenglong Liyumen Property Co., Ltd.* (杭州眾安盛隆鯉魚門置業有限公司), a limited liability company established under the laws of the PRC on 21 April 2014 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization

"Zhong An Management"	Zhejiang Zhong An Property Management Co., Ltd.*(浙江眾安物業服務有限公司), formerly known as Hangzhou Xiaoshan Zhong An Property Management Co., Ltd.* (杭州蕭山眾安物業服務有限公司), a limited liability company established under the laws of the PRC on 18 November 1998 and an indirect non-wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Zhong An Properties"	Zhong An Properties (China) Limited(眾安置業(中國)有限公司), a company incorporated in the BVI with limited liability on 20 June 2013, an indirect wholly owned subsidiary of the Company and a member of the Remaining Zhong An Group
"Zhong An Property Development Xiaoshan"	Zhejiang Zhong An Property Development Xiaoshan Co., Ltd.* (浙江眾安房地產蕭山開發有限公司), a limited liability company established under the laws of the PRC on 3 April 1997 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"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 established under the laws of the PRC on 9 September 2013 and an indirect non-wholly owned subsidiary of China New City upon completion of the Reorganization
"%"	per cent

If there is any inconsistency between the Chinese names of the entities or enterprises established in the PRC mentioned in this circular and their English translations, the Chinese names shall prevail. The English translations of the Chinese names of such PRC entities are provided for identification purposes only and are marked with "".*

众安房产
ZHONG AN REAL ESTATE

ZHONG AN REAL ESTATE LIMITED

眾安房產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)

Executive Directors:
Mr Shi Kancheng (alias Shi Zhongan)
(Chairman and Chief Executive Officer)
Mr Lou Yifei
Ms Shen Tiaojuan
Mr Zhang Jiangang

Independent non-executive Directors:
Professor Pei Ker Wei
Dr Loke Yu (alias Loke Hoi Lam)
Mr Zhang Huaqiao

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 4006, 40th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

14 May 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
CHINA NEW CITY COMMERCIAL DEVELOPMENT LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

INTRODUCTION

Reference is made to the Previous Announcements in relation to, inter alia, the Proposed Spin-off.

On 13 June 2013, the Company submitted a spin-off proposal to the Stock Exchange pursuant to PN15 in relation to the Proposed Spin-off of China New City. The Stock Exchange has granted approval on the PN15 Submission on 28 February 2014 and confirmed that the Company may proceed with the Proposed Spin-off.

On 30 September 2013, China New City submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange.

The purpose of this circular is to provide the Shareholders with the following:–

(1) further information on (i) the background to, the reasons for, and the benefits and effects of, the Proposed Spin-off and such other information relating to the Proposed Spin-off as required by the Listing Rules; and (ii) the Preferential Offering. The Proposed Spin-off and the Global Offering, if implemented, will constitute a deemed disposal of equity interest in China New City by the Company and a major transaction for the Company under Chapter 14 of the Listing Rules;

(2) the letter of advice from the Independent Board Committee containing its view as to whether the terms of the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole and to advise the Shareholders on voting in respect of the Proposed Spin-off at the EGM;

(3) the letter of advice from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Shareholders as to whether the terms of the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and Shareholders as a whole and its advice to the Shareholders on voting in respect of the Proposed Spin-off at the EGM; and

(4) a notice of the EGM at which an ordinary resolution will be proposed for the Shareholders to consider and, if thought fit, approve the Proposed Spin-off and the transactions related thereto.

Shareholders and potential investors should note that the Proposed Spin-off is subject to, among others things, the final decision of the Board and the board of directors of China New City, the approval from the Shareholders and the approval from the Stock Exchange, and may or may not proceed. Accordingly, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in or investing in the securities of the Company.

INFORMATION ON THE PROPOSED SPIN-OFF

The Proposed Spin-off

The Proposed Spin-off is expected to be implemented by way of a Global Offering which will consist of the Hong Kong Public Offering, the International Offering and the Preferential Offering, and a separate listing of the CNC Shares on the Main Board of the Stock Exchange. Further information on the Preferential Offering is set out in the paragraph headed "Proposed Terms of the Preferential Offering" below. The final structure of the Proposed Spin-off, including the size of the Global Offering, the Offer Price range and the exact apportionment between the Hong Kong Public Offering, the International Offering and the Preferential Offering, will be decided by the Board and the board of directors of China New City.

The CNC Shares to be issued pursuant to the Global Offering will rank pari passu in all respects with all the existing CNC Shares in issue on the date of allotment and issue of such CNC Shares except for entitlement under the Capitalization Issue. Based on the current structure of the Proposed Spin-off which is subject to finalization, assuming that the Over-allotment Option is not exercised, immediately following completion of the Proposed Spin-off, the Company will, through Ideal World, its direct wholly owned subsidiary, continue to hold approximately 73.1% of CNC Shares in issue. If the Over-allotment Option is exercised in full, the Company's indirect shareholding in China New City will be reduced to approximately 70.2%. In any of these events, China New City will continue to be an indirect non-wholly owned subsidiary of the Company upon completion of the Proposed Spin-off and the operating results of the CNC Group will continue to be consolidated into the consolidated financial statements of the Group.

On the basis of the above, immediately following completion of the Proposed Spin-off, China New City will have a public float of not less than 25%, and will be able to comply with the minimum public float requirement under Rule 8.08 of the Listing Rules.

It is currently expected that China New City will grant to the Sole Global Coordinator on behalf of the International Underwriters the Over-allotment Option to require China New City to issue and allot additional CNC Shares representing up to 15% of the initial Offer Shares at the Offer Price to, among other things, cover the over-allocations in the International Offering, if any.

Separate listing of the CNC Shares

On 30 September 2013, China New City submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange. Members of the CNC Group will remain as non-wholly owned subsidiaries of the Company upon the completion of the Proposed Spin-off.

The Company is required to comply with the requirements under PN15. The Directors confirm that the Company will comply with all requirements of the Listing Rules in respect of the Proposed Spin-off, subject to the Shareholders passing an ordinary resolution at the

EGM to approve the Proposed Spin-off. The Listing of the CNC Shares on the Main Board of the Stock Exchange is conditional upon the fulfillment or waiver of conditions stated in the sub-section headed "Conditions of the Proposed Spin-off" below.

Subject to the Stock Exchange granting approval of the listing of, and permission to deal in, the CNC Shares on the Main Board as well as compliance with the stock admission requirements of HKSCC, the CNC Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or such other date as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time.

The Shares will continue to be listed on the Main Board of the Stock Exchange after the completion of the Proposed Spin-off.

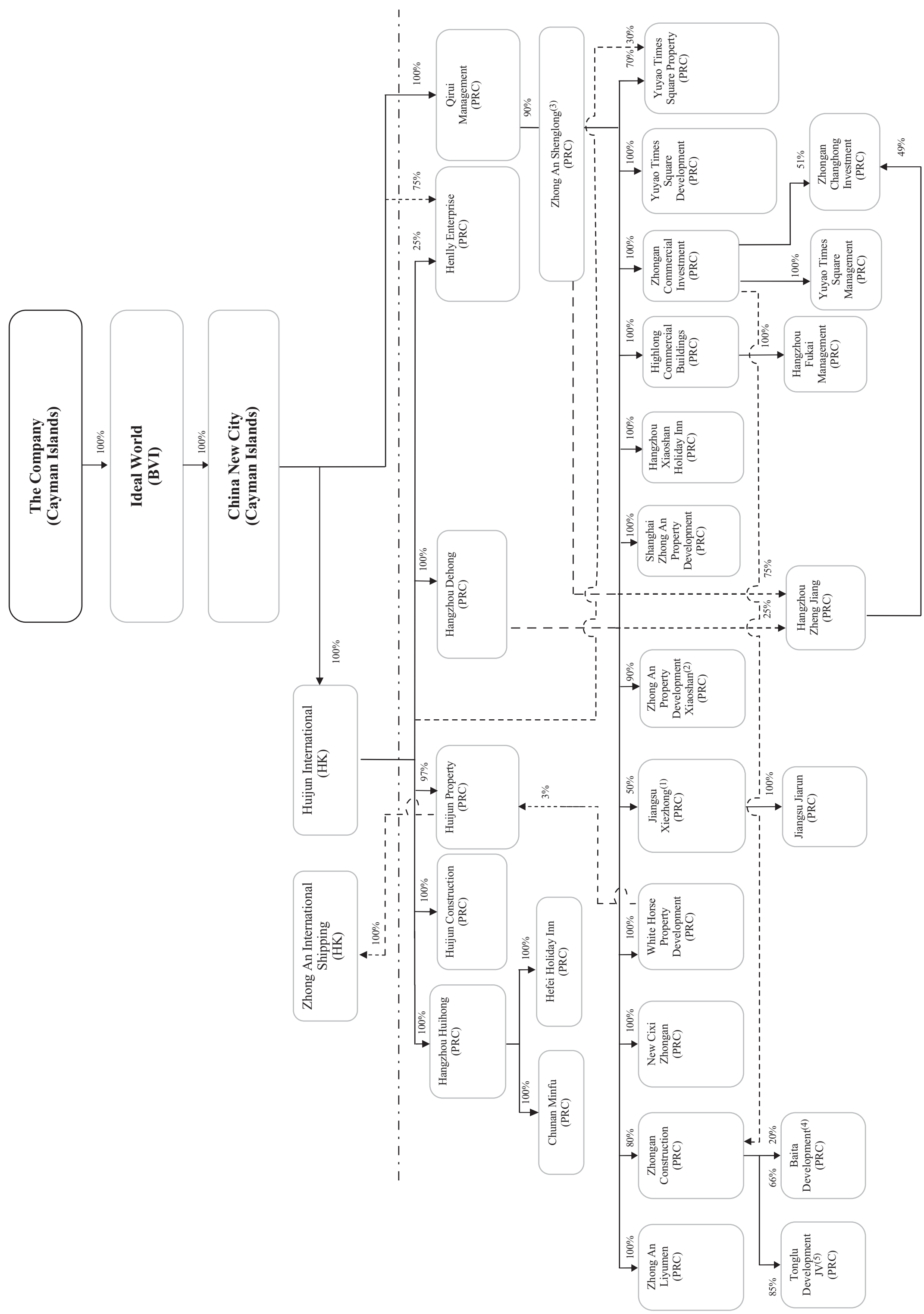
Shareholding effects of the Proposed Spin-off

Shareholding structure of the CNC Group prior to the Proposed Spin-off

China New City was incorporated in the Cayman Islands under the Companies Law as an exempted company on 2 July 2013 and is an indirect wholly owned subsidiary of the Company as of the Latest Practicable Date.

Members of the Group will undergo the Reorganization prior to the Proposed Spin-off, pursuant to which China New City will become the holding company of the CNC Group and will hold through its relevant subsidiaries, among others, the commercial properties as set out in the property valuation report in Appendix II to this circular.

The following chart sets out the shareholding and corporate structure of the CNC Group immediately after the Reorganization, but before the completion of the Proposed Spin-off, the Global Offering and the Capitalization Issue:



Notes:

1. The remaining 50% issued share capital in Jiangsu Xiezhong is held by Jiangsu GCL Real Estate Co., Ltd.*（江蘇協鑫房地產有限公司）, an Independent Third Party.

2. The remaining 10% issued share capital in Zhong An Property Development Xiaoshan is held by Hangzhou Zhongqiang whose beneficial owners are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）, Ms Qi and Mr Chen are also beneficial owners of Hangzhou Xiaoshan Yunzhongxia Decoration Co., Ltd.*（杭州蕭山雲中霞裝飾有限公司）("Xiaoshan Yunzhongxia"), a substantial shareholder of Zhong An Shenglong. Ms Qi is also an employee of the Group. Save as aforesaid, neither Ms Qi nor Mr Chen is connected to the directors, substantial shareholders or chief executive of the Company or its subsidiaries and their respective associates.

3. The remaining 10% issued share capital in Zhong An Shenglong was held by Xiaoshan Yunzhongxia, whose beneficial owners are Qi Xiaomin（戚小敏）and Chen Junmin（陳軍民）, Ms Qi and Mr Chen are also beneficial owners of Hangzhou Zhongqiang, a substantial shareholder of Zhong An Property Development Xiaoshan. Ms Qi is also an employee of the Group. Save as aforesaid, neither Ms Qi nor Mr Chen is connected to the directors, substantial shareholders or chief executive of the Company or its subsidiaries and their respective associates.

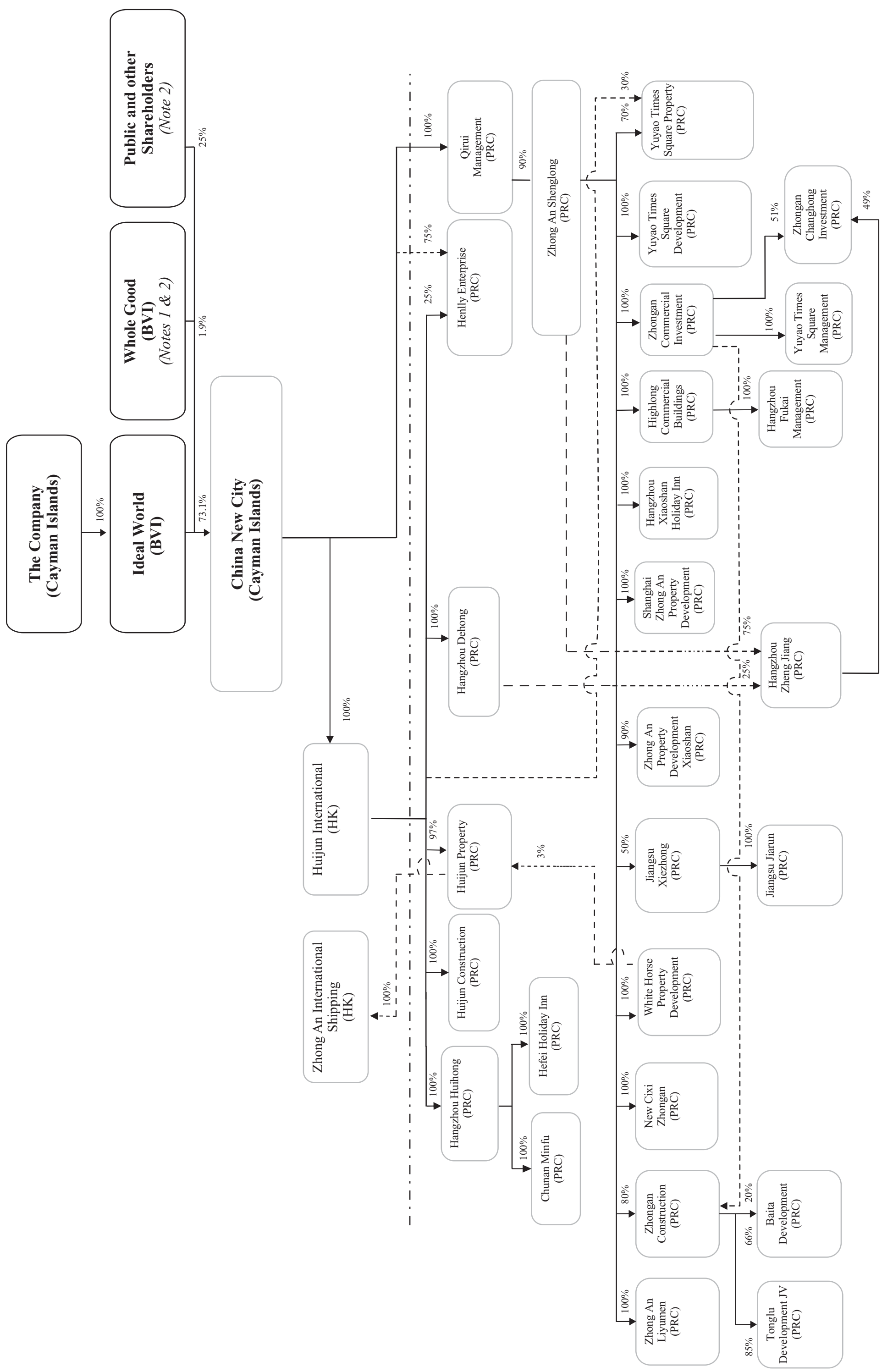
4. As of the Latest Practicable Date, Baita Development has not yet been established. It is expected that Baita Development will be established pursuant to a cooperation agreement entered into between Baita Town Government and Zhong An Shenglong dated 15 November 2013. The remaining 34% issued share capital in Baita Development is expected to be held by Xianju County Liyuan Investments Co., Ltd.*（仙居縣力源投資有限公司）, a company expected to be designated and to be owned by Baita Town Government.

5. The remaining 15% issued share capital in Tonglu Development JV is held by Tonglu County Tourism Investment Development Co., Ltd.*（桐廬縣旅遊投資開發有限公司）, a company designated by the People's Government of Tonglu County*（中國浙江省杭州市桐廬縣人民政府）, Hangzhou, Zhejiang Province, PRC (through Tonglu County Fengchuan Street Office*（桐廬縣鳳川街道辦事處）) and owned by Tonglu County State-owned Asset Management Committee（桐廬縣國有資產管理委員會）and Tonglu County Fenshui Town Construction Investments Co., Ltd.*（桐廬縣分水鎮建設投資開發有限公司）, both Independent Third Parties.

Shareholding structure of the CNC Group upon completion of the Proposed Spin-off

Based on the current structure of the Proposed Spin-off, the number of CNC Shares which will initially be available under the Global Offering is expected to represent approximately 26.9% of the total number of CNC Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised), and the Company's equity interest in China New City will be reduced to approximately 73.1% (assuming the Over-allotment Option is not exercised) or to approximately 70.2% (assuming the Over-allotment Option is exercised in full) immediately following completion of the Global Offering and the Capitalization Issue.

The following chart sets out the shareholding and corporate structure of the CNC Group immediately upon completion of the Proposed Spin-off, Global Offering and Capitalization Issue (assuming that there will not be any change in shareholding in the Company as at the date of this circular and up to the Record Date and that all the Qualifying Shareholders will take up their respective Assured Entitlement, but without taking into account of any other CNC Shares which may be taken up under the Global Offering):



Notes:

(1) As of the Latest Practicable Date, Whole Good, a company wholly owned by Mr Shi, was a substantial Shareholder holding approximately 68.8% of the issued Shares. Assuming that there will not be any change in its shareholding in the Company up to the Record Date, if the Proposed Spin-off and the Preferential Offering are proceeded with and given that the Stock Exchange has granted its consent to the inclusion of Whole Good in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of the Appendix 6 of the Listing Rules and the requirements under Rule 10.03 of the Listing Rules, Whole Good will be a Qualifying Shareholder with an Assured Entitlement to apply for such number of Reserved Shares under the Preferential Offering, representing approximately 1.9% of the issued share capital of China New City immediately following completion of the Global Offering and the Capitalization Issue. As Whole Good is wholly owned by Mr Shi who is the chairman and non-executive director of China New City, Whole Good will therefore be a connected person of China New City and will not be considered as a public shareholder of China New City.

(2) Assuming that Whole Good will take up all such Reserved Shares under the Preferential Offering in full, and without taking into account of any other CNC Shares which may be taken up under the Global Offering and any CNC Shares which may be allotted and issued upon the exercise of the Over-allotment Option, it is expected that China New City will have a public float of not less than 25%, which complies with the minimum public float requirement under Rule 8.08 of the Listing Rules.

INFORMATION ON THE GROUP AND THE CNC GROUP

Businesses of the Group

The Group is principally engaged in four principal business areas, namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management. Its property development portfolio, prior to the Proposed Spin-off, includes both residential and commercial properties in the PRC. Following completion of the Proposed Spin-off, the Company will operate its commercial properties development and investment business, with principal focus in the Yangtze-River Delta Region, through the CNC Group while the Remaining Zhong An Group will be a pure play property developer for residential properties in the PRC.

Businesses of the CNC Group

China New City is a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze-River Delta Region. The CNC Group's business is comprised of three main areas: (i) sale of properties, that is primarily the development of commercial properties for sale, namely offices, retail units and serviced apartments; (ii) property leasing and property management, that is the development, leasing and management of commercial properties, with a focus on integrated commercial complexes; and (iii) hotel operation, that is the investment in and operation of hotels. In future, the CNC Group will also expand into the business of land development in different towns and counties in the PRC, which includes, among others, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction (such as roads and pipe network connections), by entering into cooperation agreements with local government authorities in the PRC. Furthermore, to capture business and development opportunities arising from the continuing urbanization in the PRC, the CNC Group may also expand into other town and county urbanization-related businesses and services, which include, among others, the modernization of the agricultural industry, supply of agricultural products and the provision of elderly management services. Taking into account the business development strategy and allocations of resources of the Group as a whole, the Directors consider it appropriate for the Remaining Zhong An Group to focus its resources on the development of residential properties and to become a pure play residential property developer in the PRC, and for the Group to invest in the business of land development and other related businesses and services that will help the urbanization of such lands to be developed through the CNC Group. The Directors consider that such arrangement will be of the interest of the Company and its Shareholders as a whole.

The CNC Group's integrated commercial complexes provide the convenience of a one-stop solution with a mixture of hotels, shopping mall, retail shops, food and beverage, office buildings, serviced apartments, and other ancillary facilities. CNC Group's flagship project, Highlong Plaza, has become a well-recognized integrated commercial complex in Xiaoshan district in Hangzhou consisting of hotels, a shopping mall and offices. As of 31 December 2013, the CNC Group had developed and managed three additional integrated commercial complexes namely, Guomao Building, Integrated Service Center and Hidden Dragon Bay and has plans to develop three more. In addition, the CNC Group also develop and operate hotels. As of 31 December 2013, the CNC Group operated one hotel, namely, Holiday Inn Hangzhou Xiaoshan, and has plans to operate six additional hotels, two of which are expected to be managed by the CNC Group under its own brand and the remaining four are expected to be managed by internationally-renowned hotel operators.

The portfolio of property developments as of 28 February 2014 consists of the followings:

(a) eight completed projects (being projects or project phases where the CNC Group has received the certificates of completion from the relevant government authorities);

(b) five projects under development (being projects or project phases where the CNC Group has received the land use rights certificates and construction commencement permits but the certificates of completion have not been obtained);

(c) two projects held for future development (being projects or project phases where the CNC Group has obtained the land use rights certificates but the construction commencement permit has not been obtained);

(d) two projects contracted to be acquired (being projects or project phases where the CNC Group has entered into memorandum of understanding based on its overall strategies and business development plans with the relevant government authorities which sets forth the general development conditions relating to the site, including project type, site area and plot ratio, but the CNC Group has not participated in any public tenders, auctions and listings-for-bidding for the land yet, and there is no assurance that such land will be granted to the CNC Group); and

(e) units in two completed buildings.

The following tables set forth certain information about the CNC Group's completed projects, projects under development, projects held for future development and projects contracted to be acquired as of 28 February 2014.

Completed projects

As of 28 February 2014, the CNC Group had eight completed projects and units in two completed buildings with a total GFA of 855,960 sq.m. and total attributable GFA of 791,741 sq.m.

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to the CNC Group	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for Sale (Note 4)	Total leasable GFA held for investment (Note 4)	GFA held for the CNC Group's own use	Properties held by the CNC Group (Note 5)	Non-saleable/ leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Construction Commencement Date (Note 8)	Construction Completion Date (Note 8, 9)	Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	(%)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB in millions)	(RMB in millions)				(No.)
Hangzhou, Zhejiang Province																	
Guomao Building (國貿大廈)	1,455	81	12,225	9,902	–	–	–	12,225	–	–	–	63.5	–	February, 1996	October, 1998	–	4
Integrated Service Center (综合服務中心)	2,979	90	11,164	10,048	2,809	–	547	5,913	–	–	148	26.9	–	November, 2003	August, 2005	August, 2004	2.9
Highlong Plaza (恒隆廣場)	30,933	90	171,071	153,964	2,650	–	–	105,599	–	35,834	–	612.6	–	December, 2004	January, 2009	December, 2004	3.8
Landscape Garden (山水苑) Phase I	53,260	90	14,104	12,694	–	–	–	3,039	–	–	–	24.1	–	November, 2002	September, 2005	–	1, 11
Landscape Garden (山水苑) Phase II	34,073	90	13,008	11,707	–	–	–	7,846	–	–	–	13.0	–	July, 2004	December 2006	–	1, 11
White Horse Noble Mansion (白馬尊邸)*	73,514	99.7	169,439	168,931	126,452	283	3,312	–	–	–	1,666	904.3	–	September 2007	December, 2009	June, 2008	10
New White Horse Apartments (新白馬公寓)**	62,800	90	222,236	200,012	161,966	–	–	–	–	–	4,809	899.6	–	May, 2005	April, 2008	April, 2006	12
Xihu Guomao Center (西湖國貿中心)***	246	90	676	608	–	–	–	–	676	–	–	–	–	–	–	–	7
Hidden Dragon Bay (隱龍灣) (Note 11)	89,173	92.5	241,695	223,568	91,018	4,147	87,664	24,328	–	–	6,206	1,397.3	–	April ,2010	April, 2013	October, 2010	6, 13
Sub-total	348,433		855,619	791,434	384,895	4,430	91,523	158,950	676	35,834	12,830	3,941.3	–				
Shanghai																	
La Vie (逸樂軒)****	171	90	341	307	–	–	–	341	–	–	–	–	–	–	–	–	5
Total	348,604		855,960	791,741	384,895	4,430	91,523	159,291	676	35,834	12,830	3,941.3	–				

Projects under development

As of 28 February 2014, the CNC Group had five projects under development with an estimated total GFA of 1,245,194 sq.m. and total attributable GFA of 956,896 sq.m.

Project name	Site Area *(Note 1)*	Attributable Interest *(Note 2)*	Total GFA *(Note 3)*	Total GFA attributable to the CNC Group	Total saleable GFA: Of which was sold *(Note 4)*	Total saleable GFA: Of which was pre-sold *(Note 4)*	Total saleable GFA: Available for sale *(Note 4)*	Total leasable GFA held for investment *(Note 4)*	Properties held by the CNC Group *(Note 5)*	Non-saleable/ leasable GFA *(Note 6)*	Development costs incurred	Estimated development costs to be incurred *(Note 7)*	Construction commencement Date *(Note 8)*	Expected construction Completion Date *(Note 8, 9)*	Pre-sale commencement date *(Note 10)*	Ref. to Property Valuation Report
	(sq.m.)	*(%)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB in millions)*	*(RMB in millions)*				*(No.)*
Yuyao, Zhejiang Province																
Zhong An Times Square（眾安時代廣場）Phase I 一期	65,159	90	305,473	274,926	–	–	55,732	132,886	–	2,184	658.2	1,185.6	October, 2013	November, 2015	July, 2014	15
Zhong An Times Square（眾安時代廣場）Phase II 二期	71,519	63	322,935	203,449	–	21,391	108,507	–	71,679	2,725	646.1	1,473.9	July, 2012	November, 2015	September, 2013	16
Hangzhou, Zhejiang Province																
Hangzhou Qiandao Lake Run Zhou Resort Hotel（杭州千島湖潤州度假酒店）	112,593	100	37,028	37,028	–	–	–	–	23,801	–	345.5	413.6	December, 2012	October, 2015	–	17
International Office Center（國際辦公中心）A3*****	39,060	100	328,367	328,367	–	–	–	237,935	–	–	1,225.3	1,334.2	August, 2009	December, 2014	–	14
Sub-total	288,331		993,803	843,770	–	21,391	164,239	370,821	95,480	4,909	2,875.1	4,407.3				
Suzhou, Jiangsu Province																
Jia Run Square（蘇州嘉潤廣場）	21,367	45	251,391	113,126	–	–	71,684	62,975	44,551	1,949	496.2	1,780.0	May, 2013	December, 2016	March, 2015	18
Total	309,698		1,245,194	956,896	–	21,391	235,923	433,796	140,031	6,858	3,371.3	6,187.3				

Projects held for future development

As of 28 February 2014, the CNC Group had two projects held for future development with an estimated total GFA of 470,428 sq.m. and a total attributable GFA of 470,428 sq.m.

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to the CNC Group	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for sale (Note 4)	Total leasable GFA held for investment (Note 4)	Properties held by the CNC Group (Note 5)	Non-saleable/ leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Expected construction commencement Date (Note 8)	Expected construction Completion Date (Note 8, 9)	Expected Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	*(%)*	*('000 sq.m.)*	*(sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*('000 sq.m.)*	*(sq.m.)*	*('000 sq.m.)*	*(RMB in millions)*	*(RMB in millions)*				*(No.)*
Hangzhou, Zhejiang Province																
International Office Center (國際辦公中心) A1*****	25,533	100	341,838	341,838	–	–	–	241,000	45,000	–	60.9	1,636.2	June, 2014	December, 2017	–	19
International Office Center (國際辦公中心) A2*****	28,017	100	128,590	128,590	–	–	–	21,500	56,500	–	65.1	828.8	June, 2014	December, 2017	–	19
Total	53,550		470,428	470,428	–	–	–	262,500	101,500	–	126.1	2,465.0				

Projects contracted to be acquired

As of 28 February 2014, the CNC Group had two projects contracted to be acquired with an estimated total GFA of 1,098,065 sq.m. and a total attributable GFA of 1,098,065 sq.m.

Project name	Site Area (Note 1)	Attributable Interest (Note 2)	Total GFA (Note 3)	Total GFA attributable to the CNC Group	Total saleable GFA: Of which was sold (Note 4)	Total saleable GFA: Of which was pre-sold (Note 4)	Total saleable GFA: Available for sale (Note 4)	Total leasable GFA held for investment (Note 4)	Non-saleable/ leasable GFA (Note 6)	Development costs incurred	Estimated development costs to be incurred (Note 7)	Expected construction commencement Date (Note 8)	Expected construction Completion Date (Note 8, 9)	Expected Pre-sale commencement date (Note 10)	Ref. to Property Valuation Report
	(sq.m.)	(%)	('000 sq.m.)	(sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	('000 sq.m.)	(RMB in millions)	(RMB in millions)				
Hangzhou, Zhejiang Province															
International Office Center (B and C) (國際辦公中心 B and C)	207,390	100	1,098,065	1,098,065	–	–	–	998,015	100,050	–	–	–	–	–	N/A
Total	207,390		1,098,065	1,098,065	–	–	–	998,015	100,050	–	–				

Notes:

* Figures include the residential areas. White Horse Noble Mansion was included in the projects of the CNC Group as it is a residential project where all residential apartments have been sold prior to Reorganization, but with unsold ancillary shops (which, based on the building ownership certificates, are designated for "commercial" use) and car parking spaces. As a result, the holding company thereof was included as a member of the CNC Group. As of 31 December 2013, there was a residential property, with a total GFA of 283 sq.m. available for sale due to the fact that the purchaser of such residential property did not complete the purchase. The remaining 3,312 sq.m. GFA available for sale are commercial properties. As of the Latest Practicable Date, the 283 sq.m. of a residential unit have been pre-sold. Residential property's GFA available for sale represents completed residential property that has been designated by CNC Group for sale but has not been sold as of 31 December 2013. The revenue generated from the sales of residential properties from White Horse Noble Mansion amounted to nil and nil for each of the years ended 31 December 2012 and 2013. All revenue generated from the sale of residential properties from White Horse Noble Mansion for each of the years ended 31 December 2011, 2012 and 2013 was excluded in CNC Group's financial statements due to its significance and its residential properties nature, so as to avoid misleading investors as the CNC Group focuses only on commercial properties.

** Figures include the residential areas. New White Horse Apartments was included in the projects of the CNC Group as it is a residential project where all residential apartments have been sold, but with unsold car parking spaces. Hence, the holding company thereof was included as a member of the CNC Group. The revenue generated from the sales of residential properties from New White Horse Apartments amount to nil and nil for each of the years ended 31 December 2012 and 2013.

*** Xihu Guomao Center property interests consist of three units owned by the CNC Group in the building.

**** La Vie property interests consist of one floor owned by the CNC Group in the building.

***** International Office Center project will not be held for sale.

(1) Site area is based on the relevant land use rights certificates, land use rights grant contracts, tender documents, or other relevant agreements, depending on which documents are available.

(2) Attributable interest is based on CNC Group's effective ownership interest in the respective project companies.

(3) Total GFA is based on completion certificates, construction permits or other relevant documents, depending on which documents are available, and includes saleable/leasable areas, non-saleable/leasable areas, car parking spaces and public areas.

(4) The total saleable GFA sold, pre-sold, remaining unsold and total leasable GFA held as investment do not include car parking spaces, non-saleable areas and public areas and have been derived from the internal records of the CNC Group.

(5) Properties held by the CNC Group comprises of hotels and/or service apartments.

(6) Non-saleable/leasable GFA represents GFA for car parking spaces, storage warehouses, equipment rooms, civil defense, ancillary municipal infrastructure, public areas and other underground space that is not included in the plot ratio.

(7) Estimated development costs to be incurred are based solely on the project plans, target costs and internal estimates of the CNC Group, and are subject to change.

(8) The construction commencement date refers to the date on which construction commenced on the first building of the project. Expected construction commencement date is based on the CNC Group's current estimation.

(9) The construction completion date represents the completion date of the whole phase. Certain properties within the phase may have been completed before that date. Actual construction completion date is based on the completion certificate or other relevant documents, depending on which documents are available. Expected construction completion date is based on the CNC Group's current estimation.

(10) The actual or expected pre-sales commencement date is based on pre-sale permits or the project plans of the CNC Group (for projects for which the CNC Group has not obtained pre-sale permits).

(11) The GFA available for sale in Hidden Dragon Bay are all commercial properties.

Delineation of business between the CNC Group and the remaining business of the Remaining Zhong An Group

After the Proposed Spin-off, the Remaining Zhong An Group will continue to be principally engaged in the development, sale and management of residential properties in the PRC while the CNC Group will be principally engaged in the development of, investment in, and management of, commercial properties in the Yangtze-River Delta Region. The CNC Group will also engage in the joint development of lands in different towns and counties in the PRC with local governments and may expand into other town and county urbanization-related businesses and services in the future. The core businesses of the Remaining Zhong An Group and that of the CNC Group are by nature different and are independently operated. For the purpose of business delineation between the CNC Group and the Remaining Zhong An Group, residential properties and commercial properties are distinguished by the relevant land use right contract and/or the land use right certificate issued. Residential properties mean properties developed on land where a specified part or certain proportion of the land is specified in the tender conditions for a auctioned land that such land is for residential property development, the land use right contract designate for that specific part or proportion of land is for residential use and/or the land use right certificate is issued specifically for residential use. The same is applicable, vice versa, for commercial properties.

The CNC Controlling Shareholders and China New City will enter into the Non-compete Undertakings to address potential conflicts of interests between the Remaining Zhong An Group and the CNC Group and to delineate their respective businesses, the details of which are set out in the paragraph headed "Non-compete Undertakings" below. Under the Non-compete Undertakings, the Remaining Zhong An Group will undertake not to engage in the development or sale of or investment or management in commercial properties in the PRC, while the CNC Group will undertake not to engage in the development or sale of or investment or management in residential properties in the PRC.

In particular, in respect of acquisition of lands for mixed commercial-residential use land projects, without affecting the CNC Group's and the Remaining Zhong An Group's obligations under the Non-compete Undertakings, the CNC Group and the Remaining Zhong An Group will either separately bid for their respective commercial and residential parts of the development, respectively, or (where not feasible) the CNC Group will not bid for the land unless it has been invited by, and has agreed on the terms and conditions with, the Remaining Zhong An Group in accordance with the mechanism as referred to in the paragraph headed "Joint property development on mixed commercial-residential use land projects" below, in which case the CNC Group and the Remaining Zhong An Group will jointly bid for the land, will own and develop their respective parts of the lands separately in accordance with the relevant terms and conditions of cooperation to be agreed between the two groups. The Directors consider that these arrangements are appropriate to avoid direct competition between the two groups for mixed commercial-residential use land projects, can minimize any disputes between the two groups in determining which group to take the lead in the development of each of these mixed commercial-residential use land projects, and are in the best interests of both groups. Among a total of 30 projects of the Group as of 31 December 2013, which include completed projects, projects under development, projects held for future development and projects contracted to be acquired, only two projects of the Group are mixed commercial-residential use land projects, namely, Zhong An Times Square (Phase II) and Cixi Landscape Bay. From the management's experience, commercial portions of most mixed commercial-residential use land projects are usually smaller, and are designed to provide the residents of the residential portion or the surrounding residential properties the convenience of retail shops, restaurants, entertainment, offices, and other ancillary facilities. As such, the Directors consider it fair and reasonable for the Remaining Zhong An Group (rather than the CNC Group) to have a more proactive role in assessing opportunities in relation to the development of mixed commercial-residential use land projects. As China New City will remain as a subsidiary of the Company, the Directors believe that the independent board committee of the Company will, in its course of assessment of any potential development of mixed commercial-residential use land projects, take into account the interest of the Group (including that of the CNC Group) as a whole, and this will be beneficial for both groups and their respective shareholders.

Furthermore, among the 30 projects of the Group as of 31 December 2013, none of these projects involved any mandatory development condition imposed by the relevant government authority on the Group to develop a Mixed-use Land in a manner that the land use rights thereof could not be separated into a residential and a commercial portion, and only one project, namely Zhong An Times Square (Phase II), had been designed and planned by the Group to such effect. As such, the Directors consider it is a normal market practice for Mixed-use Land development projects to have separate land use rights for the residential and commercial portions thereof, and therefore the implementation of the mechanism as referred to in the paragraph headed "Joint property development on mixed commercial-residential use land projects" below will not restrict the Remaining Zhong An Group's future opportunities in any material respect, and will be in the interests of the Company and the Shareholders. In order for the Group to comply with this requirement for future Mixed-use Land development projects, the Group will ensure that the relevant tender conditions and the land use rights contract for acquisition of such Mixed-use Land will not include any such mandatory development condition that may restrict or prevent the Group from designing, planning and developing the Mixed-use Land with separate land titles for the residential and commercial portions thereof.

Nonetheless, it is expected that immediately after completion of the Proposed Spin-off, the Remaining Zhong An Group will continue to hold certain shops and car parking spaces ancillary to the residential property projects developed by it, and also the VC Hotel, and the provision of property management services to the CNC Group for Hidden Dragon Bay (隱龍灣), while the CNC Group will continue to hold the Times Square Residential Portion, for the reasons as further described below.

Shops and car parking spaces ancillary to residential properties

An insignificant portion of the revenue of the Remaining Zhong An Group, which amounted to approximately RMB69.9 million and RMB23.6 million for each of the years ended 31 December 2012 and 2013, respectively, representing approximately 3.0% and 1.5% respectively of the total revenue of the Remaining Zhong An Group for the corresponding years was attributable to sales or leasing of shops and car parking spaces by two members of the Remaining Zhong An Group. The remaining shops and car parking spaces held by these members of the Remaining Zhong An Group are properties ancillary to residential property projects developed by it. As such, these properties will remain with the Remaining Zhong An Group as these ancillary properties are not the core commercial property focus of the CNC Group, but rather the CNC Group will focus on the development and investment in integrated commercial complexes with a mixture of office buildings, serviced apartments, hotels and shopping centers.

VC Hotel

In respect of the VC Hotel which is situated on a parcel of residential land owned by Anhui Zhong An Real Estate, a member of the Remaining Zhong An Group, as it will still be under construction and therefore will be incapable to be transferred to the CNC Group, the Group has entered into the Land Acquisition Agreement and the Pre-opening Management Agreement with the CNC Group to achieve clear business delineation between the Group and the CNC Group in relation to the VC Hotel.

(i) Land Acquisition Agreement

Anhui Zhong An Real Estate, a member of the Remaining Zhong An Group, has entered into the Land Acquisition Agreement with Hangzhou Huihong, a member of the CNC Group, pursuant to which Anhui Zhong An Real Estate has agreed to sell the land on which the VC Hotel is situated together with the buildings under construction thereon to Hangzhou Huihong.

Completion of the Land Acquisition Agreement shall be conditional upon certain conditions precedent as mentioned below. In the event that any of such conditions precedent cannot be fulfilled or waived and the Land Acquisition Agreement is terminated, the completion of the Land Acquisition Agreement will not proceed and the Remaining Zhong An Group will continue to own the VC Hotel, but the Remaining Zhong An Group will be restricted from investing, developing and operating the VC Hotel as a hotel or for other purpose that may constitute Restricted Business of the Remaining Zhong An Group (as defined below) under the Non-compete Undertakings, the details of which are set out in the paragraph headed "Non-compete Undertakings" below.

The principal terms and conditions of the Land Acquisition Agreement are as follow:

- completion of the Land Acquisition Agreement shall be conditional upon, among others, completion of the construction of the VC Hotel, the obtaining of the requisite land use rights certificate (with the use being changed to commercial use) and building ownership certificates in respect of the VC Hotel and other conditions precedent as further described therein. The Company's PRC legal advisers, JT&N Law Firm, are of the view that subject to compliance with the relevant conditions of the original land contract and the submission of the requested application documents with the relevant government authorities, there will not be any material legal impediments to the grant of all relevant approvals for the change of the land use rights certificate and to obtain the building ownership certificates for the VC Hotel;

- the Land Acquisition Agreement shall be terminated if (i) any of the conditions precedent therein is not fulfilled or (where applicable) waived before the earlier of (a) one year after completion of construction and completion acceptance inspection and filing of VC Hotel or (b) 31 December 2016 (or such later date as agreed by the parties); or (ii) the parties mutually agree to terminate the Land Acquisition Agreement;

- the consideration pursuant to the Land Acquisition Agreement is RMB234 million, which was calculated based on the appraised value of the land as of 31 January 2014, which is RMB103 million, and the development costs and expenses incurred by Anhui Zhong An Real Estate in respect of the VC Hotel up to date of the Land Acquisition Agreement, which is RMB131 million. The appraised value of the land as of 31 January 2014 is determined with reference to an independent property valuation report prepared by CBRE Limited dated 17 March 2014 in accordance with the HKIS Valuation Standards (2012 Edition). A market approach was adopted in respect of the valuation of the land. Market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. In preparation of such property valuation report, material assumptions which have been taken into consideration include, among others, that the Group will sell the land on open market freely, the Group has free uninterrupted rights to use and assign the land use rights, the land is freely disposable and transferable for the remaining unexpired term of the land use right as granted, and that the land is free from encumbrances, restrictions and outgoings of an onerous nature. The Company considers that such assumptions are normal commercial terms to be considered by an independent property valuer to reach an appraised value of a land. Therefore, the Company considers such assumptions to be fair and reasonable;

- Hangzhou Huihong will pay all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement. Such costs and expenses shall be fully refunded to the Hangzhou Huihong upon the termination of the Land Acquisition Agreement; and

- VC Hotel shall not commence its operation prior to the completion of the Land Acquisition Agreement.

(ii) Pre-opening Management Agreement

Simultaneously upon signing of the Land Acquisition Agreement, Anhui Zhong An Real Estate has entered into the Pre-opening Management Agreement with Hefei Holiday Inn pursuant to which Hefei Holiday Inn will be appointed as the exclusive project manager for the overall management and supervision of the ongoing construction and development of the VC Hotel on the following principal terms and conditions:

- Hefei Holiday Inn will be responsible for the overall management and supervision of the ongoing construction and development of the VC Hotel;
- Hefei Holiday Inn will be responsible, among others, for providing the pre-opening services which include determining the management structure and organize different departments of the VC Hotel, developing management control procedures and accounting systems of the hotel, recruitment of staff, implementation of staff training programs, development of marketing strategies, advertising and public relations plan and the implementation of promotional activities;
- Anhui Zhong An Real Estate and Hefei Holiday Inn agreed to each other that the VC Hotel will not commence operation prior to the completion of the Land Acquisition Agreement;
- the Pre-opening Management Agreement will be for a term starting from the date of signing of the Pre-opening Management Agreement and up to the completion or earlier termination of the Land Acquisition Agreement, unless terminated earlier as a result of, among others, breach of the Pre-opening Management Agreement; and
- no fees will be payable by Anhui Zhong An Real Estate to the CNC Group under the Pre-opening Management Agreement.

In relation to the accounting treatment of the costs, expenses and taxes in relation to the development of the VC Hotel in the CNC Group, such expenditure incurred after execution of the Land Acquisition Agreement and the Pre-opening Management Agreement will be recorded as, property under development in the balance sheet of, or expenses in the financial statement of, the CNC Group.

Despite the Land Acquisition Agreement and the Pre-opening Management Agreement, the Directors believe that the CNC Group is capable of carrying on its business independently of the Remaining Zhong An Group for the following reasons:

(i) ***The CNC Group will be the exclusive project manager of the VC Hotel:*** The CNC Group will be entitled to the title, ownership, economic benefit as well as the operation and control of the VC Hotel after completion of the Land Acquisition Agreement, and the CNC Group will be able to control the design and development of the VC Hotel prior to the completion of the Land

Acquisition Agreement as the exclusive project manager of the VC Hotel. The Remaining Zhong An Group will no longer be involved in the development of the VC Hotel after signing of the Pre-opening Management Agreement other than the administrative role as mentioned in sub-paragraph (iv) below.

(ii) ***The CNC Group will bear all costs, expenses, taxes and other liabilities in connection with the development of the VC Hotel:*** Pursuant to the Land Acquisition Agreement, the CNC Group will bear all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement.

(iii) ***No revenue will be derived from the operation of the VC Hotel by the Remaining Zhong An Group:*** As the VC Hotel will not commence its operation prior to the completion of the Land Acquisition Agreement, no income from the operation of the VC Hotel will be derived by the Remaining Zhong An Group prior to the termination of the Pre-opening Management Agreement. There will be no reliance by the Remaining Zhong An Group on the CNC Group in its revenue generation, and vice versa.

(iv) ***Remaining Zhong An Group only plays an administrative role:*** The Remaining Zhong An Group will only take up an administrative role, in its capacity as the legal owner of the VC Hotel, to obtain the requisite land use rights certificate (with the use being changed to commercial) and building ownership certificates in respect of the VC Hotel and apply for the transfer of such certificates to the CNC Group upon completion of the VC Hotel.

Provision of property management services

Each of the Remaining Zhong An Group and the CNC Group will engage in the provision of property management services. However, the Remaining Zhong An Group will only provide property management services for residential property development owned by the Remaining Zhong An Group (save for the Hidden Dragon Bay project as mentioned below) or independent third party developer, while the CNC Group will only provide property management services for commercial property development owned by the CNC Group or developed by independent third party developer. As of the Latest Practicable Date, the CNC Group only provided overall operational management of its own integrated commercial complexes, including identifying the target customers and creating the image of the shopping malls, organizing the marketing campaigns and overseeing the overall operation (the "**Overall Management Services**"), and it engaged third party property management service providers to provide services such as security, property maintenance, cleaning and other ancillary services to its tenants ("**Ancillary Services**"). In future, apart from the Overall Management Services, the CNC Group also plans to provide Ancillary Services for commercial property development as soon as the CNC Group has obtained the requisite qualifications for the provision of property management services under PRC laws and regulations.

Nonetheless, it is expected that immediately after completion of the Proposed Spin-off, the Remaining Zhong An Group will provide property management services for Hidden Dragon Bay project, a commercial property development project of the CNC Group. Pursuant to the Property Management Rules of Zhejiang Province*(浙江省物業管理條例), on 25 September 2010, Hangzhou Zheng Jiang, a member of the CNC Group, entered into a preliminary property management agreement (as supplemented by a supplemental property management agreement dated 5 December 2013) ("**Property Management Agreement**") with Zhong An Management, a member of the Remaining Zhong An Group, pursuant to which Zhong An Management has been appointed to provide the preliminary property management services which includes, inter alia, maintenance, cleaning, repairs, security and other ancillary services for the Hidden Dragon Bay project pending the entering into the property services contract between the owners' committee (on behalf of all owners) and the relevant property services provider.

Under the Property Management Rules of Zhejiang Province*(浙江省物業管理條例), prior to obtaining the pre-sale permit for a property development, property developer should appoint property management service provider for the provision of preliminary property management services and certain criteria (such as the total GFA sold, delivered and occupied must reach a minimum percentage, or the first property sold, delivered and occupied must reach certain number of years and the total GFA sold, delivered and occupied must reach a minimum percentage) must be fulfilled before an owners' committee (on behalf of all owners) could be established. As those criteria have not yet been fulfilled, the owners' committee (on behalf of all owners) has not yet been formed, and therefore Zhong An Management will need to be retained until it is replaced by another property services provider to be appointed by the owners' committee (on behalf of all owners) once it has been established. The owners' committee will then decide itself and appoint suitable service provider for the provision of property management services for the Hidden Dragon Bay project. Apart from the above property management services in which the CNC Group needs to continue to engage the Remaining Zhong An Group, the property management services in respect of all other projects of the CNC Group are either provided by the CNC Group on its own or by independent qualified property management companies.

An insignificant portion of the property management fee income of the Remaining Zhong An Group, which amounted to approximately RMB216,000 and approximately RMB2.4 million for each of the years ended 31 December 2012 and 2013, respectively, and amounted to approximately 0.01% and 0.15% of the total revenue of the Remaining Zhong An Group for the corresponding years, respectively, was attributable to the provision of preliminary property management services by the Remaining Zhong An Group for Hidden Dragon Bay project.

Residential properties in Zhong An Times Square (Phase II)

Zhong An Times Square (Phase II) is part of the integrated commercial-residential complex in Zhong An Times Square, a development project of the CNC Group in Yuyao City, Zhejiang Province, the PRC. Approximately 26.1% of the estimated gross floor area of Zhong An Times Square (Phase II) is the Times Square Residential Portion. As the land use rights certificate of the whole land to which the Zhong An Times Square (Phase II) relates is specified as "city residential land", the title in relation to the Times Square Residential

Portion would only be able to be ascertained upon the relevant building ownership certificates are issued upon completion of construction thereof. As the development of Zhong An Times Square (Phase II) was under construction as of the Latest Practicable Date, the residential properties are not yet ascertainable and therefore incapable of being separated and transferred to the Remaining Zhong An Group before then.

The Times Square Residential Portion are intended for sales, the pre-sale of the properties commenced in September 2013 and it is expected to complete all sales by the end of 2014 based on the Company's historical experience. Therefore, it is not tax efficient for the CNC Group to sell the Times Square Residential Portion to the Remaining Zhong An Group after completion of the construction (whereby the relevant building ownership certificates for the residential units will be issued and they will then become capable of being transferred) for the Remaining Zhong An Group to resell the same to the market.

Up to the Latest Practicable Date, the pre-sale proceeds of the residential portions of Zhong An Times Square (Phase II) amounted to approximately RMB70.8 million. Please refer to the paragraph "Accounting treatment for net proceeds from Times Square Residential Portion" for the accounting treatment of, among others, the pre-sales proceeds.

To achieve clear business delineation between the Remaining Zhong An Group and the CNC Group in relation to the Times Square Residential Portion despite the ownership of the Times Square Residential Portion as mentioned above, Yuyao Times Square Property, being the owner of the Times Square Residential Portion and a member of the CNC Group, has entered into the Cooperation Agreement with Yuyao Zhong'an Property, being a member of the Remaining Zhong An Group, pursuant to which Yuyao Zhong'an Property will be appointed as the exclusive project manager for the overall management and supervision of the ongoing construction and development of the Times Square Residential Portion on the following principal terms and conditions:

- Yuyao Zhong'an Property shall be solely responsible for the management and supervision of the development and sales of, and shall be entitled to the net economic benefits arising from, the Times Square Residential Portion;

- after the Cooperation Agreement becomes effective, Yuyao Zhong'an Property will bear all costs, expenses and taxes in connection with the development and sales of the Times Square Residential Portion, and shall indemnify and reimburse Yuyao Times Square Property for any such costs, expenses, taxes and other liabilities to be incurred or suffered by Yuyao Times Square Property arising in relation to the sales and pre-sales of the Times Square Residential Portion, and the guarantee arrangements as referred to below;

- while the legal title and ownership of the relevant land use rights and (upon completion of the development) the building ownership will remain in the CNC Group, the CNC Group will hold such title and ownership on behalf and for the benefit of the Remaining Zhong An Group and, after completion of the development and upon request by the Remaining Zhong An Group, assist the purchasers thereof to obtain the property ownership certificates for the property purchased or, as the case may be, transfer to or assist the Remaining Zhong An Group to obtain the property ownership certificates in respect of any unsold properties;

- while Yuyao Zhong'an Property shall be responsible for the management and supervision of the development, sales and marketing of the Times Square Residential Portion, Yuyao Times Square Property shall, in its capacity as the legal owner of the Times Square Residential Portion and at the costs and expenses of Yuyao Zhong'an Property, take such necessary actions to facilitate the development, pre-sales and sales of the Times Square Residential Portion, including assisting Yuyao Zhong'an Property in the application for the requisite pre-sale approval, entering into pre-sales and/or sales agreements with purchasers of the properties at such selling prices and on such terms and conditions as determined by Yuyao Zhong'an Property and assisting the purchasers and/or Yuyao Zhong'an Property to obtain the property ownership certificates in respect of the properties;

- the proceeds from the pre-sale and sales of the Times Square Residential Portion will be deposited in the bank accounts of Yuyao Times Square Property which will be supervised by the bank and shall be applied towards the ongoing project construction (subject however to the relevant statutory requirements in relation to pre-sale proceeds) and, after deducting therefrom all the unreimbursed development costs and expenses of the Times Square Residential Portion incurred before the Cooperation Agreement becomes effective by or on behalf of the CNC Group and other amounts owed by Yuyao Zhong'an Property to the CNC Group under the Cooperation Agreement, the net sales proceeds of the Times Square Residential Portion shall be paid to Yuyao Zhong'an Property;

- Yuyao Times Square Property, in its capacity as the owner, will provide guarantees in favour of banks in respect of the mortgage loans of the pre-sale purchasers of the Times Square Residential Portion. Yuyao Zhong'an Property will indemnify Yuyao Times Square Property in full all the claims, liabilities, costs, expenses and/or losses that may be suffered by Yuyao Times Square Property arising from such guarantee arrangement; and

- the Cooperation Agreement shall be terminated upon completion of sales, transfer and delivery of the entire Times Square Residential Portion to the purchasers thereof or, as the case may be, Yuyao Zhong'an Property. If any apartment under the Times Square Residential Portion remains unsold as of 30 June 2016, Yuyao Times Square Property undertakes to transfer the unsold apartments on such date to Yuyao Zhong'an Property at book cost, which will be reimbursed and paid out of the gross sales proceeds of the other sold apartments. The net sales proceeds under the Cooperation Agreement will be paid by the CNC Group to Yuyao Zhong'an Property on 30 June 2016.

Based on the above terms and the arrangement under the Cooperation Agreement, the CNC Group is merely acting as an agent for the Remaining Zhong An Group in respect of sales of the Times Square Residential Portion.

Accounting treatment for net proceeds from Times Square Residential Portion

Upon the Cooperation Agreement becoming effective, the Remaining Zhong An Group will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and will be entitled to the net economic benefit of the Times Square Residential Portion. On this basis, the CNC Group is of the view that the risk of the Times Square Residential Portion will be transferred to the Remaining Zhong An Group. According to the prevailing International Financial Reporting Standards (IAS 18 IE Revenue recognition principal versus agent), the CNC Group will derecognize the Times Square Residential Portion in the balance sheet of the CNC Group while recognize the same amount as amount due from related parties without any gain or loss being recognized by the CNC Group. The proceeds from the pre-sales of the Times Square Residential Portion received or to be received by the CNC Group on behalf of the Remaining Zhong An Group will be recorded as due to related parties in the balance sheet of the CNC Group, while the cost, expense and tax paid or to be paid by the CNC Group on behalf of the Remaining Zhong An Group (which will be reimbursed and indemnified by the Remaining Zhong An Group to the CNC Group) will be recorded as due from related parties in the balance sheet of the CNC Group. The gross up revenue and cost of sales of the Times Square Residential Portion will not be recognized by the CNC Group as its revenue and cost of sales, but will be recognized as the gross up revenue and cost of sales of the Group in the consolidated financial statements of the Company instead, given that the Remaining Zhong An Group has the primary responsibility for developing, selling and delivering property to purchasers of the Times Square Residential Portion in fulfilling the pre-sales contract.

In relation to the accounting treatment of the selling expenses and development costs for the Times Square Residential Portion in the Remaining Zhong An Group, such selling expenses related to the Times Square Residential Portion will be recorded as due to related parties in the balance sheet and selling expenses in the income statement of the Remaining Zhong An Group as it occurs, while the development costs for the Times Square Residential Portion will be recorded as due to related parties in the balance sheet and cost of sales in the income statement of the Remaining Zhong An Group when such residential properties are delivered to buyers and sales proceeds from such residential properties are recognized. The transfer of the net sales proceeds from the CNC Group to the Remaining Zhong An Group will be recognized as settlement of the net amount due from related parties in the balance sheet of the Remaining Zhong An Group on 30 June 2016.

Due to the incapability of transfer of the Times Square Residential Portion by the CNC Group to the Remaining Zhong An Group, the legal title and ownership of the Times Square Residential Portion will remain in, and will be sold or pre-sold under the name of, the CNC Group. According to the Cooperation Agreement, the CNC Group will pay the net proceeds to Yuyao Zhong'an Property by way of a service fee.

Despite the Cooperation Agreement, the Directors consider that the retaining of the Times Square Residential Portion by the CNC Group will not affect the business delineation of the Remaining Zhong An Group and the CNC Group for the following reasons:

(i) ***The Remaining Zhong An Group is responsible for the development and sales and entitled to the net economic benefits:*** the CNC Group is of the view that the accounting treatment and tax implications do not affect the business delineations between the CNC Group and the Remaining Zhong An Group. By virtue of the arrangements under the Cooperation Agreement becomes effective, the Remaining Zhong An Group will be solely responsible for the ongoing development and sales of the Times Square Residential Portion, and will be entitled to the net economic benefit of the Times Square Residential Portion, while the CNC Group will no longer be engaged in the sales and development of the Times Square Residential Portion once the Cooperation Agreement becomes effective.

(ii) ***Not the main focus of CNC Group:*** Zhong An Times Square (Phase II) is a large-scale integrated commercial-residential complex project. The Times Square Residential Portion is considered as secondary or as complementary to such commercial development and its residential units are not the major focus of such development for the CNC Group.

(iii) ***Immaterial:*** The Times Square Residential Portion only represents approximately 3.7% and 2.2% of the planned total GFA of the CNC Group and the Remaining Zhong An Group, respectively, as of 31 December 2013. Hence, the Times Square Residential Portion is relatively insignificant to the Remaining Zhong An Group and the CNC Group.

(iv) ***Incapable of being transferred:*** Given that the residential units of the Times Square Residential Portion are situated on top of a commercial complex, the land use rights of the residential units are incapable of being separated and transferred to the Remaining Zhong An Group until completion of construction. As the development of Zhong An Times Square (Phase II) was still under construction as of the Latest Practicable Date, the Times Square Residential Portion is incapable of being separated and transferred to the Remaining Zhong An Group.

(v) ***Different timing for pre-sale:*** The pre-sale of the Times Square Residential Portion began in September 2013 and the Company expects that the sales of all residential units will be completed by the end of 2014. A small portion of the high-rise apartments in Jade Mansion, a residential development in nearby location of the Remaining Zhong An Group, was still under construction as of the Latest Practicable Date and pre-sale of the units of Jade Mansion is currently expected to begin in the beginning of 2015. Therefore, there will not be any overlap in the timing for the pre-sale of the Times Square Residential Portion with the small portion of high-rise apartments in Jade Mansion and any competition between the Remaining Zhong An Group and the CNC Group in this regard is minimal and is more apparent than real.

Non-compete Undertakings

To protect the CNC Group and the Remaining Zhong An Group from any potential competition, it is expected that the CNC Controlling Shareholders and the China New City will enter into the Non-compete Undertakings, pursuant to which each of the CNC

Controlling Shareholders and the China New City will, among other matters, irrevocably and unconditionally undertake with each other that at any time during the Relevant Period (as defined below):

(i) each of the CNC Controlling Shareholders shall, and shall procure that their respective associates (other than the CNC Group) shall:

- save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by the CNC Group including but not limited to the development or sale of or investment in or management of commercial properties and/or land development in the PRC from time to time ("**Restricted Business of the Remaining Zhong An Group**");

- not solicit any existing or then existing employee of the CNC Group for employment by them or their respective associates (excluding the CNC Group);

- not, without the consent from the China New City, make use of any information pertaining to the business of the CNC Group which may have come to their knowledge in their capacity as the CNC Controlling Shareholders and/or directors for the purpose of competing with the Restricted Business of the Remaining Zhong An Group;

- in respect of any proposals received by any of them or their respective associates (excluding the CNC Group) involving the marketing, sales and development of any Restricted Business of the Remaining Zhong An Group, it/he shall notify the CNC Group and provide the CNC Group with all necessary information in respect of the relevant proposal as soon as practicable, refer the relevant proposal to the CNC Group and use all reasonable endeavours to procure the person who communicated the proposal to the CNC Controlling Shareholders or their respective associates to contact the CNC Group directly regarding the proposal; and

- not carry on, invest in or be engaged in any proposals received by any of them or their respective associates (excluding the CNC Group) as referred to above in any event, whether the CNC Group has decided to take up the opportunity under such proposal(s) or not.

(ii) China New City shall, and shall procure that its respective associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) shall:

- save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by the Remaining

Zhong An Group including but not limited to the development or sale of or investment in or management of residential properties in the PRC from time to time ("**Restricted Business of the CNC Group**");

- not solicit any existing or then existing employee of the Remaining Zhong An Group for employment by the CNC Group or its respective associates (excluding the Remaining Zhong An Group);

- not, without the consent from the Company, make use of any information pertaining to the business of the Remaining Zhong An Group which may have come to the knowledge of China New City in its capacity as a subsidiary of the Company and/or directors for the purpose of competing with the Restricted Business of the CNC Group;

- in respect of any proposals received by the CNC Group or its respective associates (excluding the Remaining Zhong An Group) involving the marketing, sales and development of any Restricted Business of the CNC Group, the CNC Group shall notify the Remaining Zhong An Group and provide the Remaining Zhong An Group with all necessary information in respect of the relevant proposal as soon as practicable, refer the relevant proposal to the Remaining Zhong An Group and use all reasonable endeavours to procure the person who communicated the proposal to the CNC Group or its respective associates to contact to Remaining Zhong An Group directly regarding the proposal; and

- not carry on, invest in or be engaged in any proposals received by the CNC Group or its respective associates (excluding the Remaining Zhong An Group) as referred to above in any event, whether the Remaining Zhong An Group has decided to take up the opportunity under such proposal(s) or not.

For the above purpose:

(A) the "**Relevant Period**" means the period commencing from the Listing Date and shall expire upon the earliest date of occurrence of the events below:

- in respect of a CNC Controlling Shareholder the date on which the CNC Controlling Shareholder concerned (individually or taken as a whole with the other CNC Controlling Shareholder) ceases to be a controlling shareholder of China New City for the purpose of the Listing Rules;

- the date on which the CNC Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange;

(B) the "**Excluded Business**" means

- the development and sale of any land or properties by the Remaining Zhong An Group or the CNC Group in relation to the joint property development on mixed commercial-residential use land projects subject to compliance with the mechanism as set out in the paragraph headed "Joint property development on mixed commercial-residential use land projects" below;

- the provision of property management services to the mixed commercial-residential properties from time to time owned and/or developed by the Remaining Zhong An Group or the CNC Group, and the provision of property management services to the CNC Group by Zhong An Management pursuant to the Property Management Agreement for the Hidden Dragon Bay project;

- the development and investment by the Remaining Zhong An Group in the VC Hotel (provided that the VC Hotel shall be exclusively managed by the CNC Group in accordance with the terms and condition of the Pre-opening Management Agreement) and the sale thereof to the CNC Group and other transactions contemplated under the Land Acquisition Agreement;

- the development, sales and/or investment by the Remaining Zhong An Group in shops and car parking spaces ancillary to the residential properties from time to time owned and/or under development and/or future development by the Remaining Zhong An Group, provided that the aggregate gross floor area of these shops to which the relevant residential property project relates shall not exceed 10% of the planned total gross floor area of the relevant residential property project;

- the direct or indirect investments of the CNC Controlling Shareholders and/or their respective associates (excluding the CNC Group) in the CNC Shares or other securities of China New City (but not that of any other members of the CNC Group);

- the existing investment by the CNC Group in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement;

- any direct or indirect investment by the CNC Controlling Shareholders and/or their respective associates (excluding the CNC Group) in the shares of a publicly listed company (excluding any member of the CNC Group) whereby:

  (i) the aggregate investment by such CNC Controlling Shareholder and/or his/its associates (excluding the CNC Group) does not exceed 5% of the entire issued share capital of that company; and

  (ii) none of such CNC Controlling Shareholder and/or his/its associates will be the single largest shareholder of that company; and

(iii) none of such CNC Controlling Shareholder and/or his/its associates will be involved in the operation and management of that company and/or its subsidiaries.

- any direct or indirect investment by the CNC Group and/or its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) in the shares of a publicly listed company (excluding the Company and any other member of the Remaining Zhong An Group) whereby:

  (i) the aggregate interests held by the CNC Group and/or its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) does not exceed 5% of the entire issued share capital of that company; and

  (ii) none of the members of the CNC Group and/or its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) will be the single largest shareholder of that company; and

  (iii) none of the members of the CNC Group and/or its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) will be involved in the operation and management of that company and/or its subsidiaries.

Each of the CNC Controlling Shareholders will undertake under the Non-compete Undertakings that he or it shall, and procure his/its respective associates (other than the CNC Group) to, provide to China New City and/or its directors (including its independent non-executive directors) from time to time all information necessary for annual review by its independent non-executive directors with regard to compliance with the terms of the Non-compete Undertakings by the CNC Controlling Shareholders. Each of the CNC Controlling Shareholders will also undertake to make an annual declaration as to compliance with the terms of the Non-compete Undertakings in the annual report of China New City.

Joint property development on mixed commercial-residential use land projects

Under the Non-compete Undertakings, the Company and China New City will agree to each other that, during the period commencing from the Listing Date and expiring upon the earliest date of occurrence of (i) the date on which the Company and Ideal World cease to be controlling shareholders of China New City; and (ii) the date on which CNC Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange, each of the Remaining Zhong An Group and the CNC Group will adopt the following mechanism in relation to the development of mixed commercial-residential property development project whenever such opportunity arises:

(A) in respect of every occasion in which an opportunity arises for an acquisition and development of a piece of land for property development project which has been designated by the relevant planning authority to be for mixed commercial-residential use, regardless of whether a specific part or certain proportion of the land (the "**Mixed-use Land**") designated for Commercial Use and another part for Residential Use, the mechanism set out below shall be adopted if the independent board committee of the Company resolves to consider to develop property on the Mixed-use Land, while the CNC Group will not proactively consider the property development of any Mixed-use Land unless it is invited by the Remaining Zhong An Group to participate in the Joint Development (as defined below) as a Participating Developer (as defined below) as mentioned below;

(B) the Remaining Zhong An Group may only proceed with the property development on the Mixed-use Land subject to the following conditions being fulfilled:

(a) the Remaining Zhong An Group will take the lead in the planning and development of the Mixed-use Land, and its directors will invite at least one other developer (the "**Participating Developer**"), with such qualifications, experience and other eligibility criteria for such candidate(s) of Participating Developer as specified by the independent board committee of the Company on project-by-project basis, to participate in the property development on the commercial part of the Mixed-use Land by way of a joint acquisition and development (the "**Joint Development**"). The Remaining Zhong An Group will not proceed with the property development on such Mixed-use Land in any event if no Participating Developer is willing to participate, or is able to reach agreement with the Remaining Zhong An Group in respect of its participation in, the Joint Development;

(b) the Joint Development will be planned and designed so that the relevant land use rights contract should separately designate specific part or proportion of the land for Commercial Use and Residential Use, construction commencement and completion permits and pre-sale permit are issued separately for the respective commercial and residential portion of the Mixed-use Land, and that separate land use right certificates are issued specifically for "commercial" or "residential" use (but not for commercial-residential mixed use or in the manner similar to that for the Zhong An Times Square (Phase II)) for specific part of the Mixed-use Land. The Remaining Zhong An Group will not proceed with the property development on such Mixed-use Land in any event if the relevant land use rights could not be separated into a commercial portion and a residential portion and the land use rights certificates cannot be issued specifically for commercial or residential use, such as development involving a residential complex set above a commercial podium. This is to ensure the clear business delineation between the CNC Group and the Remaining Zhong An Group in terms of ownership in lands, and to avoid any unduly reliance by the CNC Group on the Remaining Zhong An Group or third party developers in the residential development over the same piece of the land, and vice versa;

(c) the title and ownership of the residential portion of the Mixed-use Land shall vest in the Remaining Zhong An Group, while that of the commercial portion of the Mixed-use Land shall vest in the Participating Developer;

(d) any terms and conditions of the Joint Development to be agreed with the Participating Developer, including the naming of the Joint Development, the respective roles, benefits and responsibilities under the Joint Development, details of the design, bidding, construction, completion, marketing, pre-sales and delivery arrangements for the Joint Development, and the construction and development of the ancillary facilities under the Joint Development, shall be negotiated between the Remaining Zhong An Group and the Participating Developer and shall be subject to approval by the independent board committee of the Company on a project-by-project basis, taking into account, among other factors, the Group's prospects, expected return and risk profile under the Joint Development, the experience of each candidate of the Participating Developer and its previous experience in commercial property development projects, the fairness and reasonableness of the terms and conditions of such proposal so offered by each Participating Developer in relation to the Joint Development, such as cost sharing in relation to any marketing campaign in respect of the Joint Development, and whether it is in the interests of the Company and its Shareholders as a whole to accept any of such proposal, provided that (1) the Joint Development shall be in the form of cooperation agreement, specifying the respective roles, responsibilities, benefits and liabilities of each party under the Joint Development, rather than by way of establishment of a joint venture company; (2) the Remaining Zhong An Group will be solely responsible for the construction and development of, and will be entitled to the incomes deriving from, the residential portion of the Mixed-use Land, while the Participating Developer will be solely responsible for the construction and development of, and the incomes deriving from, the commercial portion of the Mixed-use Land; and (3) the Remaining Zhong An Group will bear all costs, expenses and taxes in connection with, and will be responsible for any liability arising from, the development or sales of or investment in the residential portion of the Mixed-use Land, while the Participating Developer will bear all costs, expenses and taxes in connection with, and will be responsible for any liability arising from, the development or sales of or investment in the commercial portion of the Mixed-use Land;

(e) if the CNC Group is eligible and has been invited to participate in the Joint Development as a Participating Developer (whether alone or jointly with other developer(s)), the management of the Company must submit at least one more proposal for the Joint Development with eligible independent third party developer(s) without the involvement of the CNC Group and the proposal for the Joint Development with the CNC Group for approval by the independent board committee of the Company, unless the independent board committee of the Company is reasonably satisfied that (1) other than the CNC Group, the management of the Company could not find another eligible independent third party developer to participate in the Joint Development as a Participating Developer on terms and conditions reasonably acceptable to the Company; and (2) the management of the Company has demonstrated to the independent board committee of the Company that it has taken reasonable steps to approach eligible independent third party developer for the proposed cooperation for the Joint Development but has failed to reach an agreement on the Joint Development on terms and conditions reasonably acceptable to the Company; and

(C) if the CNC Group is eligible and has been invited by the Remaining Zhong An Group to participate in the Joint Development, the CNC Group may only proceed with the Joint Development on and subject to the following conditions being fulfilled:

(a) the compliance by the CNC Group of the applicable requirements under Chapter 14A of the Listing Rules;

(b) the independent board committee of China New City having approved the proposed participation by the CNC Group of the Joint Development as a Participating Developer and the terms and conditions thereof, which shall be negotiated between the two groups on an arm's length basis. To facilitate the approval process, the management of China New City shall conduct research and feasibility study on, inter alia, land acquisition costs, construction budget, expected return and future prospects of the proposed property development on the commercial portion of the Mixed-use Land, and provide such other information as the independent board committee of China New City may require. The independent board committee of China New City shall review and, if considered fit, approve the proposed participation after taking into account, among other factors, the prospects, expected return and risk profile of the CNC Group in relation to the CNC Group's participation in the Joint Development, the fairness and reasonableness of the terms and conditions of such proposed participation, and whether it is in the interests of the CNC Group and the shareholders of China New City as a whole to participate in the Joint Development; and

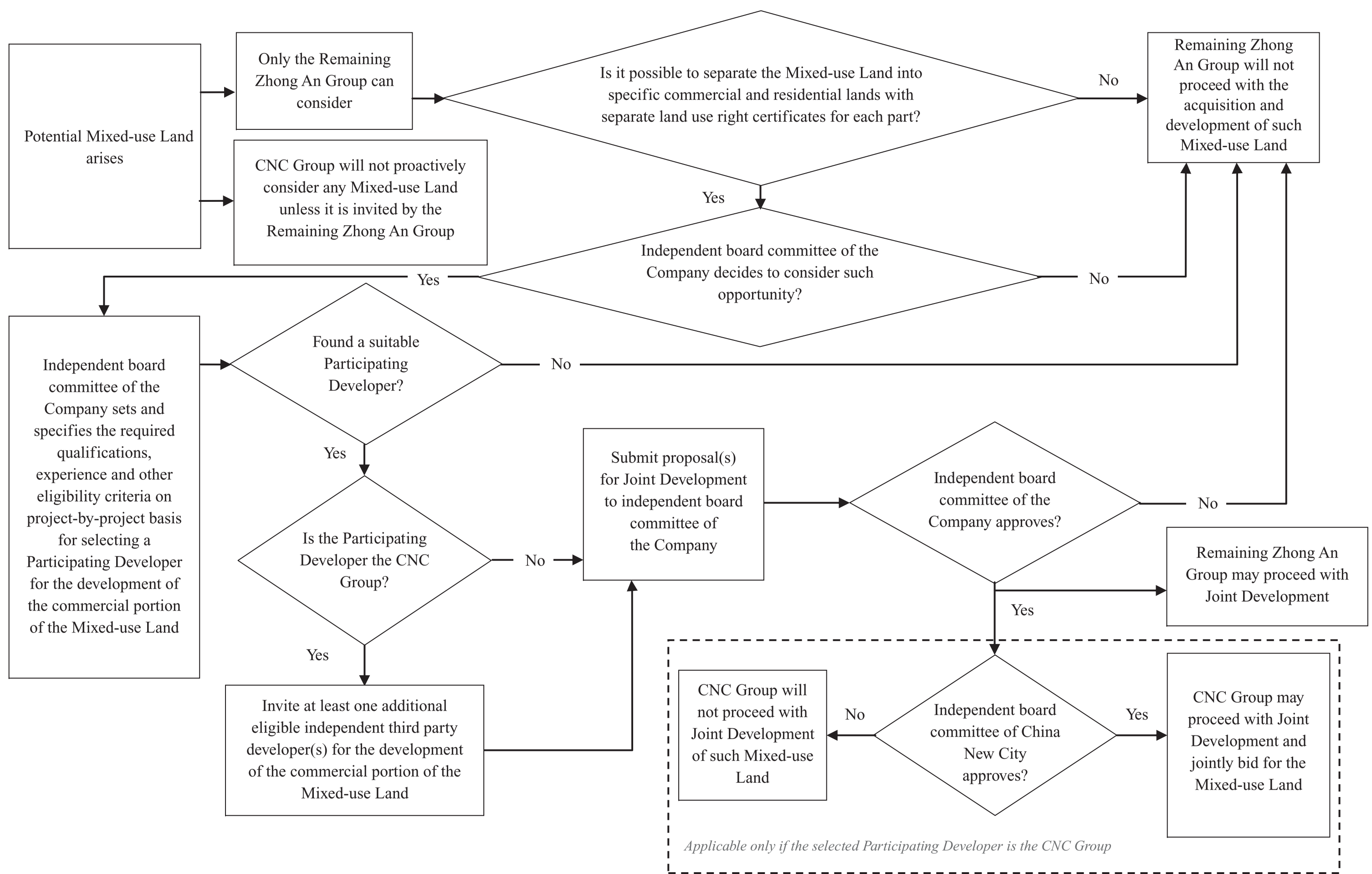
(D) except for the Excluded Business, and other than participating in Joint Developments as Participating Developer on and subject to the mechanism as aforesaid, the CNC Group will not engage in the property development of any Mixed-use Land.

For the above purpose:

(A) "**Commercial Use**" means a specific part or certain proportion of the land is specified in the tender conditions of an auctioned Mixed-use Land that such land is for commercial property development, the land use right contract designate for that specific part or proportion of land is for commercial use and the land use right certificate is issued specifically for commercial use; and

(B) "**Residential Use**" means a specified part or certain proportion of the land is specified in the tender conditions of an auctioned Mixed-use Land that such land is for residential property development, the land use right contract designate for that specific part or proportion of land is for residential use and the land use right certificate is issued specifically for residential use.

The following diagram illustrates the respective decision making processes of the Remaining Zhong An Group and (where applicable) the CNC Group in respect of each Joint Development project:



Corporate governance measures for the compliance and enforcement of the Non-compete Undertakings

In order to properly manage any potential or actual conflict of interests between the Remaining Zhong An Group and the CNC Group in relation to the compliance and enforcement of the Non-compete Undertakings, the Company will adopt the following corporate governance measures:

(A) the independent non-executive Directors shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Non-compete Undertakings by the CNC Group;

(B) the Company will disclose any decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Non-compete Undertakings (which include those decisions on matters in relation to development on a Mixed-use Land) either through the annual report or by way of announcement of the Company;

(C) the Company will disclose in the corporate governance report of the annual report of the Company on how the terms of the Non-compete Undertakings have been complied with and enforced;

(D) in the event that any of the Directors and/or their respective associates has material interest in any matter to be deliberated by the Board in relation to the compliance and enforcement of the Non-compete Undertakings, he/she shall disclose his/her interests to the Board and may not vote on the resolutions of the Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association;

(E) in relation to the mechanism for the development on Mixed-use Lands, each of the Company and China New City will undertake to each other that it must, in respect of each of its financial year ending after the Listing, instruct its auditors or independent financial advisers to review such documents as the auditors or independent financial advisers may require and confirm to its board of directors that the arrangements set out above under the paragraph headed "Joint property development on mixed commercial-residential use land projects" had been complied with during such financial year;

(F) each of the Company and China New City will undertake to each other that it will provide to the other party from time to time all information necessary for annual review by the auditors and/or independent financial advisers of the other party as referred to in (E) above;

(G) each of the Company and China New City will disclose any findings by its auditors and/or independent financial advisers in relation to the annual review as referred to in (E) above in the corporate governance report of its annual report;

(H) in the event that the arrangements as set out under the paragraph headed "Joint property development on mixed commercial-residential use land projects" had not been complied with during the relevant financial year and therefore the exemption to the Non-compete Undertakings does not apply, the independent non-executive Directors shall decide on the enforcement actions to be taken in respect of any possible breach of the Non-compete Undertakings by China New City; and

(I) any decision to be made by the Remaining Zhong An Group in relation to the mechanism for the Joint Development on Mixed-use Lands, including but not limited to the decision to proceed with the property development on the Mixed-use Lands as a Participating Developer and the terms and conditions for the Joint Development, will be subject to the approval by the independent board committee of the Company. China New City will also undertake to the Company that it will provide the Company with all information necessary for its independent board committee to make the above decisions. Such decisions will also be published in the annual report of the Company. Please refer to the mechanism as set out in the paragraph headed "Joint property development on mixed commercial-residential use land projects" above for further details.

Further corporate reorganization for splitting Mixed-use Land and avoiding minority interests

The Reorganization will comprise, among others, the following steps in order for the Remaining Zhong An Group (i) to reallocate the commercial portion of a Mixed-use Land held by it to the CNC Group; (ii) to dispose of its minority interests in certain members of the CNC Group; and (iii) to acquire the minority interests held by the CNC Group in a member of the Remaining Zhong An Group.

Acquisition of New Cixi Zhongan by CNC Group

On 1 February 2013, Cixi Property Development, a member of the Remaining Zhong An Group, acquired a Mixed-use Land in Longsan New Town, Cidong Binhai District of Cixi, Ningbo, Zhejiang Province ("**Cixi Ningbo Land**"). The Company estimates that the planned total GFA of the commercial portion of the Cixi Ningbo Land will be approximately 124,510 sq.m. or approximately 25% of the planned total GFA of the entire Mixed-use Land project. The specific location of the commercial portion of Cixi Ningbo Land can be clearly designated and separated from the residential portion of the Cixi Ningbo Land. As part of the Reorganization, Cixi Property Development had undergone a demerger process and split into two separate entities by the establishment of a new entity, namely, New Cixi Zhongan, whereby the title and ownership of the commercial portion of the Cixi Ningbo Land were transferred to New Cixi Zhongan and, following such demerger, the entire equity interest in New Cixi Zhongan was transferred to Zhong An Shenglong, a member of the CNC Group, and such transfer became effective on 3 March 2014. Following such transfer, New Cixi Zhongan was wholly owned by Zhong An Shenglong and became an indirectly non-wholly owned subsidiary of China New City. The land use rights certificates of the residential portion of the Cixi Ningbo Land has remained in Cixi Property Development.

Disposal of the minority interest in each of Shanghai Zhong An Property Development, Highlong Commercial Buildings and Yuyao Times Square Property, by the Remaining Zhong An Group

As part of the Reorganization, the Remaining Zhong An Group will dispose of its minority interests in certain members of the CNC Group as follows:

(a) Shanghai Zhong An Property Development

Immediately prior to the disposal, Shanghai Zhong An Property Development was owned as to 51% by Zhong An Shenglong and as to 49% by Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司), a member of the Remaining Zhong An Group.

Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司) had disposed its 49% equity interest in Shanghai Zhong An Property Development to Zhong An Shenglong. Such disposal became effective on 21 November 2013. Following such disposal, Shanghai Zhong An Property Development was wholly owned by Zhong An Shenglong and became an indirect non-wholly owned subsidiary of China New City.

(b) Highlong Commercial Buildings

Immediately prior to the disposal, Highlong Commercial Buildings was owned as to 90% by Zhong An Shenglong and as to 10% by Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司), a member of the Remaining Zhong An Group.

Anhui Zhong An Real Estate Co., Ltd*(安徽眾安實業有限公司) had disposed its 10% equity interest in Highlong Commercial Buildings to Zhong An Shenglong. Such disposal became effective on 27 November 2013. Following such disposal, Highlong Commercial Buildings was wholly owned by Zhong An Shenglong and became an indirect non-wholly owned subsidiary of China New City.

(c) Yuyao Times Square Property

Immediately prior to the disposal, Yuyao Times Square Property was owned as to 70% by Zhong An Shenglong and as to 30% by Hong Kong Hui Yuan, a member of the Remaining Zhong An Group. Hong Kong Hui Yuan had disposed of its 30% equity interest in Yuyao Times Square Property to Huijun International, another member of the CNC Group, in consideration and in exchange for (i) Huijun International transferring to Hong Kong Hui Yuan its 100% equity interest in each of Hangzhou Junjie and Hangzhou Huijun and (ii) Hong Kong Hui Yuan paying a cash consideration for an amount of approximately US$84.9 million (equivalent to approximately RMB618 million) to Huijun International, which represents the net difference between the registered capital of Yuyao Times Square Property, Hangzhou Junjie and Hangzhou Huijun. Such disposal became effective on 21 March 2014. Following such disposal, Yuyao Times Square Property was owned as to 70% by Zhong An Shenglong and as to 30% by Huijun International and became an indirect non-wholly owned subsidiary of China New City.

Acquisition of the minority interest in Hangzhou Danube by the Remaining Zhong An Group

Immediately prior to the acquisition, Hangzhou Danube was an associated company of China New City and was owned as to 17.5% and 8.992% by Hangzhou Huijun and Hangzhou Junjie, respectively, being two of the then wholly owned subsidiaries of Huijun International and the then members of the CNC Group, and as to 73.508% by Zhejiang Zhong An, being a member of the Remaining Zhong An Group.

Hong Kong Hui Yuan had acquired from Huijun International its 100% equity interest in Hangzhou Junjie and Hangzhou Huijun as referred to above. Such acquisitions became effective on 21 April 2014. Following such acquisition, each of Hangzhou Huijun and Hangzhou Junjie ceased to be members of the CNC Group and Hangzhou Danube ceased to be an associated company of the CNC Group.

Acquisition of a parcel of Mixed-use Land and the arrangements in the allocation of its residential portion and commercial portion between the Remaining Zhong An Group and the CNC Group

On 25 March 2014, Zhejiang Zhong An made a successful bid for the land use right of the Chaoyang Community Site, a parcel of Mixed-use Land, through open tender auction organized and held by Zhejiang Auction Center. The area of the Chaoyang Community Site is 46,703 sq.m. (as to 36,162 sq.m. for residential purpose and 10,541 sq.m. for commercial purpose). The Chaoyang Community Site is designated for residential and commercial development, with separate portion for the respective part, whereby approximately 73% of the total GFA of the buildings to be constructed on the Chaoyang Community Site is designated for residential purpose and approximately 27% of the total GFA of the buildings to be constructed on the Chaoyang Community Site is designated for commercial purpose.

Pursuant to the land use right bid confirmation in respect of the Chaoyang Community Site dated 25 March 2014 and entered into between Zhejiang Zhong An and Zhejiang Auction Center, on 3 April 2014, Zhejiang Zhong An entered into the Land Use Right Grant Contract with Hangzhou Land Bureau and Hangzhou Xiaoshan Government for the acquisition of the Chaoyang Community Site, with the respective rights and obligations in relation to the residential and commercial portions thereof to be novated to Zhejiang Zhong An and Zhong An Shenglong (or their respective project companies approved by Hangzhou Land Bureau) respectively by (i) Zhejiang Zhong An entering into the Supplemental Residential LURG Contract with Hangzhou Land Bureau and Hangzhou Xiaoshan Government in respect of the acquisition by Zhejiang Zhong An of the residential portion of the Chaoyang Community Site, and (ii) Zhong An Shenglong entering into the Supplemental Commercial LURG Contract with Hangzhou Land Bureau and Hangzhou Xiaoshan Government in respect of the acquisition by Zhong An Shenglong of the commercial portion of the Chaoyang Community Site.

By virtue of the arrangements under the Supplemental Residential LURG Contract and the Supplemental Commercial LURG Contract, each of the Remaining Zhong An Group and the CNC Group take up the respective entitlements and responsibilities for the property development of the respective residential and commercial portions of the Chaoyang

Community Site, and the land use right certificates specifying for "residential" and "commercial" uses will be issued to the Remaining Zhong An Group and the CNC Group separately. The Directors believe that the above arrangements have effectively segregated and allocated the respective rights and obligations of the two groups in the development of the residential and commercial portions of a Mixed-use Land and therefore do not have any adverse effect on the business delineation between the two groups.

Directorship of the Remaining Zhong An Group and the CNC Group

Following completion of the Proposed Spin-off, the Company and the CNC Group will have boards of directors that will function independently of each other. The following table sets out the composition of the Board and the directors of China New City immediately upon the Proposed Spin-off:

Name	Position/Title in the Company	Position/Title in China New City
Mr Shi Kancheng (alias Shi Zhongan)	Executive Director, chairman and chief executive officer	Non-executive director and chairman
Mr Lou Yifei	Executive Director	None
Ms Shen Tiaojuan	Executive Director	None
Mr Zhang Jiangang	Executive Director	None
Professor Pei Ker Wei	Independent non-executive Director	None
Dr Loke Yu (alias Loke Hoi Lam)	Independent non-executive Director	None
Mr Zhang Huaqiao	Independent non-executive Director	None
Ms Jin Ni	None	Executive director, vice-chairlady and president of the CNC Group
Mr Li Chu	None	Executive director and vice-president of the CNC Group
Ms Tang Yiyan	None	Executive director and vice-president of the CNC Group
Mr Ng Sze Yuen, Terry	None	Independent non-executive director and vice-chairman
Mr Xu Chengfa	None	Independent non-executive director

Name	Position/Title in the Company	Position/Title in China New City
Mr Yim Chun Leung	None	Independent non-executive director

Before completion of the reorganization for the purpose of the Proposed Spin-off, Ms Jin Ni, one of the executive directors of China New City, has performed the role of vice president of the Group. She was in charge of the strategic development, business management and operation of the commercial projects and properties of the Group. Ms Jin will cease to take any managerial or directorial positions in the Remaining Zhong An Group upon completion of the Proposed Spin-off.

Following completion of the Proposed Spin-off, the Company and China New City will only have one overlapping director, namely, Mr Shi Kancheng. Mr Shi is an executive Director, chairman and chief executive officer of the Company immediately before the Proposed Spin-off and will remain in such positions in the Company upon completion of the Proposed Spin-off. Mr Shi is a non-executive director of China New City and chairman of the board of directors of China New City and will not be involved in the day-to-day business operations and management of the CNC Group. Save as disclosed, it is expected that there will be no overlapping of the management teams between the Group and the CNC Group upon the Proposed Spin-off.

In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of the Company in respect of such transactions and shall not be counted in the quorum.

Indemnities

In connection with the Proposed Spin-off, it is expected that Ideal World and the Company will enter into a deed of indemnity in favour of the CNC Group to provide indemnities in respect of, among other matters, any liability for Hong Kong estate duty and any taxation that might be payable by any member of the CNC Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date.

It is also expected that under the deed of indemnity, Ideal World and the Company will also undertake to China New City that they will indemnify and at all times keep the CNC Group fully indemnified from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of the CNC Group may incur or suffer arising from or in connection with (i) the implementation of the Reorganization; and (ii) any non-compliance or alleged non-compliance by the CNC Group with any applicable PRC laws and regulations as referred to in the CNC Prospectus before the Listing Date.

Underwriting agreements, lock up restrictions and stock borrowing arrangements

Underwriting agreements

In connection with the Proposed Spin-off, it is expected that Ideal World and the Company will enter into underwriting agreements relating to the Global Offering with, among others, China New City and the Underwriters in respect of the Global Offering. There will be separate underwriting agreements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, for the Hong Kong Public Offering and the International Offering, respectively. The detailed terms and conditions of the Hong Kong Underwriting Agreement and the International Underwriting Agreement have yet to be finalized, but the Directors expect that such terms and conditions would be broadly consistent with the terms and conditions of the underwriting agreements in other comparable global offerings and listings on the Main Board of the Stock Exchange.

Lock-up

Each of the CNC Controlling Shareholders will be subject to restrictions under Rule 10.07 of the Listing Rules that he or it will not, and shall procure that the relevant registered holder(s) will not:

(a) during the period commencing on the date by reference to which disclosure of the shareholding of such CNC Controlling Shareholder is made in the CNC Prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of, any of the CNC Shares or the securities in China New City in respect of which he/it shown by the CNC Prospectus to be the beneficially owner; and

(b) during the period of six months commencing on the date on which the First Six-month Period expires (the "**Second Six-month Period**"), dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the CNC Shares or securities as referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, he or it would cease to be a "controlling shareholder" (as defined in the Listing Rules) of China New City.

It is also expected that the CNC Controlling Shareholders will enter into similar non-disposal arrangements with the Underwriters under the Hong Kong Underwriting Agreement and the International Underwriting Agreement.

Stock borrowing arrangement

Based on the current structure of the Proposed Spin-off, it is expected that Ideal World will enter into a stock borrowing agreement with the stabilising manager of the Global Offering pursuant to which the stabilising manager or its agent may borrow such number of CNC Shares which is equivalent to up to 15% of the CNC Shares to be initially offered under the Global Offering from Ideal World in order to facilitate the settlement of over-allocations in connection with the International Offering. No payment will be made to Ideal World by the stabilising manager or its agent in relation to the stock borrowing arrangement.

FINANCIAL IMPACT OF THE PROPOSED SPIN-OFF

Following completion of the Proposed Spin-Off, members of the CNC Group will continue to be non-wholly owned subsidiaries of the Company. The operating results of the CNC Group will therefore be consolidated into the financial statements of the Company.

The following estimates the financial impact of the Proposed Spin-Off on the Group on the basis of the current structure of the Proposed Spin-off that China New City will offer approximately 26.9% of the enlarged issued CNC Shares pursuant to the Global Offering assuming the Over-allotment Option is not exercised and for illustration purposes only.

Net asset value

The audited consolidated net assets after deducting non-controlling interests of the Group were approximately RMB5,887 million as of 31 December 2013. The unaudited combined net assets after deducting non-controlling interests of the CNC Group as of 31 December 2013 were approximately RMB2,326.4 million.

Based on (i) the number of Offer Shares, (ii) current proposed structure of the Global Offering, and (iii) the unaudited combined net assets of the CNC Group as of 31 December 2013, the estimated minimum market capitalization of China New City (assuming the Over-allotment Option is not exercised), will be approximately HK$7,126 million. The Board expects that the consolidated net assets of the Group will be increased as a result of the issue of the CNC Shares at an issue price above their attributable underlying combined net asset value (the "**Increase in Net Assets**"), which is approximately RMB823.6 million, and the consolidated cash balance of the Group will be increased by the net proceeds from the Global Offering. In accordance with the Hong Kong Financial Reporting Standards, the Increase in Net Assets which constitutes changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, are accounted for within equity. Therefore, there will be no gain or loss arising from the deemed disposal by the Company of the interest in China New City under the Global Offering to be recognized in the consolidated income statement of the Company given that China New City will remain as an indirect non-wholly owned subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering.

Earnings

The effect of the Proposed Spin-off on the future earnings of the Group will depend on, among others, the return generated from the proceeds raised from the Global Offering as well as the growth of the business operations of the CNC Group.

Based on the audited consolidated financial statements of the Group for each of the two years ended 31 December 2013, the audited consolidated net profits before taxation of the Group were approximately RMB696.8 million and RMB824.2 million, respectively. For each of the two years ended 31 December 2013, the audited consolidated net profits after taxation of the Group were approximately RMB390.1 million and RMB458.0 million, respectively.

Based on the unaudited combined financial statements of the CNC Group for each of the two years ended 31 December 2013, the unaudited combined net profits before taxation of the CNC Group were approximately RMB115.2 million and RMB608.0 million, respectively. For each of the two years ended 31 December 2013, the unaudited combined net profits after taxation of the CNC Group were approximately RMB86.5 million and RMB395.8 million, respectively.

Following completion of the Proposed Spin-off, the Group's earnings contributed from CNC Group are expected to be reduced as the Company's interest in China New City will be reduced from 100% to approximately 73.1% (if the Over-allotment Option is not exercised) and China New City will be regarded as an indirect non-wholly owned subsidiary of the Company. Consequently, financial results of the CNC Group will be consolidated into the accounts of the Group and the non-controlling interests of the Group are expected to increase.

PROPERTY VALUE RECONCILIATION

CBRE Limited, an independent property valuer, has valued the CNC Group's property interests as of 28 February 2014. The full text of the letter, summary of valuation and valuation certificates with respect to such property interests are set out in Appendix II to this circular.

The table below sets forth the reconciliation between the net book value of the Group's property interests as of 31 December 2013 and the valuation of the property interests of the CNC Group as of 28 February 2014:

	RMB'000
Net book value of the Group's property interests as of 31 December 2013	
– Properties (under property and equipment)	202,133
– Investment properties	2,501,000
– Properties under development	7,508,457
– Completed properties held for sale	4,386,355
– Attributable interest in properties owned by a joint venture	462,448
– Investment property classified as held for sale	31,000
	15,091,393
Add: Additions of the Group during the period from 1 January 2014 to 28 February 2014	464,364
Less: Depreciation of the Group during the period from 1 January 2014 to 28 February 2014	(1,734)
Less: Disposal of investment properties held for sale of the Group during the period from 1 January 2014 to 28 February 2014	–
Additional attributable interest in properties owned by a joint venture during the period from 1 January 2014 to 28 February 2014	33,935
Net book value of the Group's property interests as of 28 February 2014	**15,587,958**
Less: Properties not included in the property valuation report in Appendix II to this circular	(8,489,348)
Net book value of CNC Group's property interests as of 28 February 2014	**7,098,610**
Net valuation surplus	**9,765,190**
Valuation of the CNC Group's property interests as of 28 February 2014 as set out in the property valuation report in Appendix II to this circular	16,863,800

REASONS FOR AND BENEFITS OF THE PROPOSED SPIN-OFF

The Board considers that the Proposed Spin-off is in the interests of the Company and China New City and their respective shareholders as a whole for the following reasons:

(a) **Create pure play and investor focus for both groups:** the Proposed Spin-off and separate listing on the Main Board of the Stock Exchange of China New City will create a more defined business focus for both the CNC Group and the Remaining

Zhong An Group as the CNC Group will be a pure play property developer for commercial properties in the PRC and the Remaining Zhong An Group will be a pure play property developer for residential properties in the PRC, which further enhance the branding and provide investors and public with greater investment focus for each group. In respect of lands for mixed commercial-residential use, without affecting the CNC Group's and the Remaining Zhong An Group's obligations under the Non-compete Undertakings, the CNC Group and the Remaining Zhong An Group will either separately bid for their respective commercial and residential parts of the development, respectively, or (where not feasible) the CNC Group will not bid for the land unless it has been invited by, and have agreed on the terms and conditions with, the Remaining Zhong An Group to participate in a Joint Development as a Participating Developer in accordance with the mechanism as referred to in the paragraph headed "Joint property development on mixed commercial-residential use land projects" of this circular, in which case the CNC Group and the Remaining Zhong An Group will jointly bid for the land, but (subject to compliance of the requirements under Chapter 14A of the Listing Rules and the relevant approvals from the PRC government authorities) will own and develop their respective parts of the lands separately in accordance with the relevant terms and conditions of cooperation to be agreed between the two groups;

(b) **Better transparency for investors and public:** the Proposed Spin-off will increase the operational and financial transparency of the CNC Group and provide investors, the market and rating agencies with greater clarity on the businesses and financial status of CNC Group;

(c) **Better clarity and focus for management:** the Proposed Spin-off will enable the management of the CNC Group and the Remaining Zhong An Group to efficiently allocate resources and focus on their respective businesses thereby enhancing the decision-making process and their responsiveness to market changes;

(d) **Better access to capital markets and increase financing flexibility:** the Proposed Spin-off will enable China New City and the Company to have separate fund raising platforms in the debt and equity capital markets, which will increase financing flexibility for both groups;

(e) **Continued benefits:** although the Proposed Spin-off will create two groups of companies which are believed to have different growth paths, business strategies and risks profile, it will offer investors with an opportunity to participate in the future development of both the Remaining Zhong An Group and the CNC Group as China New City will remain as an indirect non-wholly owned subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering; and

(f) **Create more value for shareholders:** the Proposed Spin-off is expected to enhance the value for the shareholders of both the Company and China New City by better identifying and establishing the fair value of each of these businesses.

The Directors (including all members of the Independent Board Committee) consider that the Proposed Spin-off and the transactions contemplated thereunder will be in the interest of the Company and Shareholders as a whole.

CONDITIONS OF THE PROPOSED SPIN-OFF

The Proposed Spin-off will be conditional upon, among others, the following:

(1) the Shareholders passing an ordinary resolution by way of poll at the EGM approving the implementation of the Proposed Spin-off;

(2) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the CNC Shares in issue and to be issued pursuant to the Global Offering (including any additional shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Capitalization Issue; and

(3) the terms and structure of the Global Offering having been agreed among Ideal World, the Company, China New City and the Sole Global Coordinator.

If any of the above and other applicable conditions are not satisfied or waived, if applicable, prior to the dates and times to be specified, or if the Board decides not to proceed with the Proposed Spin-off and the Global Offering, the Proposed Spin-off will not proceed and the Stock Exchange will be notified immediately and an announcement will be published by the Company as soon as practicable thereafter.

PROPOSED USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The directors of China New City estimate that the net proceeds from the issue of new CNC Shares (after deduction of underwriting fees and estimated expenses payable by China New City in connection with the Global Offering) will be approximately HK$2,004.5 million (being the mid-point of the expected net proceeds from the Global Offering which is subject to final determination of the terms of the Global Offering). The directors of China New City currently intend to apply these net proceeds for the following purposes:

(1) approximately 70.0% will be used to finance the development of CNC Group's International Office Center projects, including:

- approximately 20.0% will be used to finance the construction and development of CNC Group's International Office Center A3 project;

- approximately 50.0% will be used to finance the construction and development of CNC Group's International Office Center A1 and A2 projects;

(2) approximately 20.0% will be used to finance the construction and development of CNC Group's other projects; and

(3) approximately 10.0% will be used for working capital and other general corporate purposes.

To the extent the net proceeds from the Global Offering are either more or less than expected, China New City will adjust the allocation of the net proceeds for the above purposes on a pro rata basis.

In the event that the Over-allotment Option is exercised in full, China New City will receive additional proceeds. China New City will apply the additional proceeds, after deducting underwriting fees and estimated expenses payable by it, pro rata to the abovementioned purposes.

To the extent that the net proceeds from the Global Offering are not immediately applied for the above purposes, China New City will deposit the net proceeds into interest-bearing bank accounts.

The above intended use of net proceeds from the Global Offering is indicative only and is subject to change. Further information on the application of the net proceeds from the Global Offering will be set forth in the CNC Prospectus.

PROPOSED TERMS OF THE PREFERENTIAL OFFERING

Subject to the Listing Committee granting approval for the listing of and permission to deal in, the CNC Shares in issue and to be issued under the Global Offering and the Capitalization Issue, under the current structure of the Proposed Spin-off, it is expected that Qualifying Shareholders will be invited to apply for an aggregate of up to 47,352,700 Reserved Shares in the Preferential Offering (representing approximately 10.1% of the Offer Shares initially available under the Global Offering and approximately 2.7% of the total CNC Shares in issue immediately following completion of the Global Offering and Capitalization Issue (assuming the Over-allotment Option is not exercised) and representing approximately 8.8% of the Offer Shares initially available under the Global Offering and approximately 2.6% of the total CNC Shares in issue immediately following completion of the Global Offering and Capitalization Issue (assuming the Over-allotment Option is exercised in full), on the basis of an Assured Entitlement of 20 Reserved Shares for every whole multiple of 1,000 Shares held by the Qualifying Shareholders as of 4:30 p.m. on the Record Date, provided that any Qualifying Shareholder holding less than 1,000 Shares at 4:30 p.m. on the Record Date will not be entitled to apply for any Reserved Share.

The Directors consider that the proportion of the Offer Shares which would be made available as Reserved Shares for subscription by the Qualifying Shareholders is a meaningful proportion and is comparable to other similar spin-off listing cases, and that due regard to the interest of the Company's existing Shareholders under paragraph 3(f) of PN15 has been made and the percentage of the Offer Shares to be allocated for the Preferential Offering. The final Assured Entitlements of each Qualifying Shareholder will depend on the number of Shares held by Qualifying Shareholders as of 4:30 p.m. on the Record Date. The Company will publish an announcement on or after the Record Date confirming the Qualifying Shareholders' entitlement to the Reserved Shares.

Any Overseas Shareholder whose name appears in the branch register of members of the Company in Hong Kong at 4:30 p.m. on the Record Date and whose address as shown in such register is in a Non-Qualifying Jurisdiction will not be entitled to apply for the Reserved Shares under the Preferential Offering.

According to the register of members of the Company as of the Latest Practicable Date, the Company had one Overseas Shareholder with address in the PRC. In accordance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the PRC. Having considered the circumstances, the Board considers it necessary or expedient to restrict the ability of the Overseas Shareholder in the PRC to take up such Overseas Shareholder's Assured Entitlements to the Reserved Shares under the Preferential Offering (if such Overseas Shareholder remains as a Shareholder as of 4:30 p.m. on the Record Date) due to the time and costs involved in the filing of the CNC Prospectus and/or approval required by the relevant authorities in the PRC and/or additional steps which would be necessary to comply with the relevant local or regulatory requirements in the PRC. If required, the Company will make further enquiries regarding the legal restrictions under the applicable securities legislation of the other relevant jurisdiction(s) of any Overseas Shareholder(s) whose name(s) appear(s) in the branch register of members of the Company as of 4:30 p.m. on the Record Date, and will consider whether the exclusion of any such Overseas Shareholder from the Preferential Offering to be necessary or expedient on account either of the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction. Non-Qualifying Shareholder will not be entitled to apply for any Reserved Shares under the Preferential Offering.

Any Qualifying Shareholder who holds the Shares as a nominee, trustee or registered holder in any other capacity will not be treated differently from any other registered holder. Any beneficial owner of the Shares whose Shares are registered in the name of a nominee, trustee or registered holder in any other capacity should make arrangements with such nominee, trustee or registered holder in relation to the Assured Entitlements. Any such person may consider whether he/she/it wishes to arrange for the registration of the relevant Shares in the name of the beneficial owner prior to the Record Date.

Qualifying Shareholders should note that any decision to apply for the Reserved Shares under the Preferential Offering should be based solely on the information provided in the CNC Prospectus.

The Assured Entitlements may represent CNC Shares which are not in a multiple of a full board lot of 1,000 CNC Shares. Dealings in odd lots of CNC Shares may be at or below their prevailing market price.

A **BLUE** Application Form together with a copy of CNC Prospectus will be despatched to each Qualifying Shareholder. Distribution of the CNC Prospectus and/or the **BLUE** Application Forms into any jurisdiction other than Hong Kong may be restricted by law. Persons (including, without limitation, agents, custodians, nominees and trustees) into whose possession the CNC Prospectus and/or the **BLUE** Application Forms come should inform themselves of, and observe, any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction.

Qualifying Shareholders will be permitted to apply for a number of Reserved Shares which is equal to, less than or greater than their Assured Entitlements under the Preferential Offering. A valid application in respect of a number of Reserved Shares equal to or less than a Qualifying Shareholder's Assured Entitlements will be accepted in full, subject to the terms and conditions set forth in the CNC Prospectus and the **BLUE** Application Form. If an application is made for a number of Reserved Shares which is greater than the Assured Entitlements of a Qualifying Shareholder, such Qualifying Shareholder's Assured Entitlements will be satisfied in full but the excess portion of such application will only be met to the extent that there are sufficient available Reserved Shares resulting from other Qualifying Shareholders declining to take up some or all their Assured Entitlements and that the minimum public float requirement pursuant to Rule 8.08(1) of the Listing Rules will be complied with. If an application is made for a number of Reserved Shares less than or greater than the Assured Entitlements of a Qualifying Shareholder, the applicant is **recommended** to apply for a number in one of the multiples of full board lots stated in the table of multiples and payments on the back page of the **BLUE** Application Form which will also state the amount of remittance payable on application for each multiple of full board lots of Reserved Shares; if such applicant does not follow this recommendation when applying for less than or greater than the Assured Entitlements, the applicant must calculate the correct amount of remittance payable on application for the number of Reserved Shares applied for by using the formula set out below the table of multiples and payments on the back page of the **BLUE** Application Form. Any application not accompanied by the correct amount of application monies will be treated as invalid in its entirety and no Reserved Share will be allotted to such applicant. The Sole Global Coordinator, on behalf of the Underwriters, will allocate any Assured Entitlements not taken up by Qualifying Shareholders to the International Offering.

As of the Latest Practicable Date, Whole Good, a company wholly owned by Mr Shi, was a substantial Shareholder holding approximately 68.8% of the issued Shares. Assuming that there will not be any change in its shareholding in the Company up to the Record Date, the Qualifying Shareholders could include Whole Good, a company which is wholly owned by Mr Shi, being a non-executive director of China New City. In the absence of a written consent from the Stock Exchange, participation by a director of China New City and/or his associates who are Qualifying Shareholders in the Preferential Offering would be prohibited by paragraph 5(2) of Appendix 6 of the Listing Rules which restricts share allocations to directors or existing shareholders of the listing applicant or their associates, whether in their own names or through nominees, unless the conditions set out in Rule 10.03 and Rule 10.04 of the Listing Rules are fulfilled. Rule 10.03 of the Listing Rules provides that directors of the listing applicant and their associates may only subscribe for or purchase securities for which listing is sought which are being marketed by or on behalf of a new applicant if no securities are offered to them on preferential basis and no preferential treatment is given to them in the allocation of the securities. The Reserved Shares to be offered to Whole Good under the Preferential Offering would be offered on a preferential basis and therefore the condition set out in Rule 10.03(1) of the Listing Rules is not fulfilled. China New City has applied to the Stock Exchange for and the Stock Exchange has granted, a waiver from strict compliance under Rule 10.03 of the Listing Rules and its consent to the inclusion of Whole Good in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 of the Listing Rules and the requirements under Rule 10.03 of the Listing Rules.

Subject to the Stock Exchange's waiver and consent as aforesaid, the Reserved Shares will not be available to existing beneficial owners of Shares, the directors or chief executive of China New City or their respective associates or any other connected persons of China New City or persons who will become connected persons of China New City immediately upon completion of the Global Offering unless such director or chief executive or their respective associates is a Qualifying Shareholder.

In addition to any application for the Reserved Shares on a **BLUE** Application Form, Qualifying Shareholders will be entitled to make one application for the Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the HK eIPO White Form Service Provider via the **HK eIPO White Form** service. Qualifying Shareholders will receive no preference as to entitlement or allocation in respect of applications for Hong Kong Offer Shares made on **WHITE** or **YELLOW** Application Forms or by giving **electronic application** instructions to HKSCC or through the HK eIPO White Form Service Provider under the Hong Kong Public Offering.

Assured Entitlements of Qualifying Shareholders will not be transferable and there will be no trading in nil-paid entitlements on the Stock Exchange. The Reserved Shares being offered pursuant to the Preferential Offering will be offered out of the International Offer Shares.

The Proposed Spin-off is subject to market conditions

The Directors wish to emphasize that, even if the Proposed Spin-off is approved by an ordinary resolution of the Shareholders passed at the EGM and the other outstanding conditions are fulfilled, the final decision of the Board as to whether or not to proceed with the Proposed Spin-off is subject to market conditions and pricing. The Board will only proceed with the Proposed Spin-off if the Board considers that the price for the CNC Shares which can be obtained under the Global Offering, which is subject to market conditions, is such that proceeding with the Proposed Spin-off on those terms would be in the interests of the Company and the Shareholders as a whole.

The Preferential Offering will not proceed unless the Proposed Spin-off proceeds.

LISTING RULES IMPLICATIONS

Under the current structure of the Proposed Spin-off and taking no account of any CNC Shares which may be issued pursuant to the exercise of the Over-allotment Option, the Company's interest in China New City will initially be reduced from 100% to about 73.1% immediately following implementation of the Proposed Spin-off, and will be further reduced to about 70.2% if the Over-allotment Option is exercised in full. The Proposed Spin-off will constitute a deemed disposal of the Company's equity interest in China New City under Rule 14.29 of the Listing Rules and, given that one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules could be more than 25% but is expected to be less than 75%, the Proposed Spin-off, if proceeds, may constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to the announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules. Approval from the Shareholders for the Proposed Spin-off is also required under PN15 of the Listing Rules.

EGM

The EGM shall be convened for the purposes of allowing the Shareholders to consider and, if thought fit, approve, among others, the Proposed Spin-off.

As no Shareholder has a material interest in the Proposed Spin-off different from other Shareholders, all Shareholders are entitled to vote on the ordinary resolution to approve the Proposed Spin-off at the EGM.

A notice convening the EGM to be held at Conference Room 4, 4/F., Holiday Inn Xiaoshan Hangzhou, 688 Shanyin Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC on Friday, 30 May 2014 at 9:30 a.m. is set out on pages 184 to 185 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, at the offices of the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof.

Completion and return of the accompanying form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

CLOSURE OF REGISTER

As set out in the announcement of the Company dated 14 May 2014, the register of members of the Company will be closed from Thursday, 29 May 2014 to Friday, 30 May 2014 (both days inclusive) for the purpose of determining the eligibility of the Shareholders to attend and vote at the EGM. During the closure of the register of members of the Company, no transfer of Shares will be effected. In order to qualify for attending and voting at the EGM, all transfers of the Shares accompanied by the relevant certificates, must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, no later than 4:30 p.m. on Wednesday, 28 May 2014.

Subject to the approval by the Shareholders of the Proposed Spin-off at the EGM, the register of members of the Company will further be closed on from Friday, 6 June 2014 to Tuesday, 10 June 2014 (both days inclusive) (or such other date(s) as the Board may determine and announce) for the purpose of determining the entitlement of the Qualifying Shareholders to the Preferential Offering. No transfer of Shares will be effected during such book closure period. In order to qualify for the Preferential Offering, all transfers of the Shares accompanied by the relevant certificates, must be lodged with the Company's branch registrar and transfer office in Hong Kong, Tricor Investor Services Limited, no later than 4:30 p.m. on Thursday, 5 June 2014 (or such later date as the Board may determine and announce). The last day for dealing in the Shares cum-entitlements basis to the Preferential Offering is expected to be on Tuesday, 3 June 2014.

VOTING BY POLL

Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except as provided under that rule. Therefore, the ordinary resolution set out in the notice convening the EGM as set out in this circular will be taken by way of poll. The chairman of the EGM will explain the detailed procedures for conducting a poll at the commencement of the EGM. After the conclusion of the EGM, the poll results will be published on the respective websites of the Stock Exchange and the Company.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee formed by all the independent non-executive Directors, namely Professor Pei Ker Wei, Dr Loke Yu (alias Loke Hoi Lam) and Mr Zhang Huaqiao, has been formed to advise the Shareholders as to whether the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole and to advise the Shareholders on how to vote in relation to the ordinary resolution to be proposed to approve the Proposed Spin-off, taking into account the recommendations of the Independent Financial Adviser.

Celestial Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Shareholders as to whether the Proposed Spin-off are fair and reasonable and whether the Proposed Spin-off is in the interests of the Company and the Shareholders as a whole and to advise the Shareholders on how to vote in respect of the Proposed Spin-off at the EGM.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the Proposed Spin-off is fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole and, accordingly, recommend the Shareholders to vote in favour of the ordinary resolution to approve the Proposed Spin-off as set out in the notice of the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 69 to 70 of this circular which contains the recommendations of the Independent Board Committee to the Shareholders concerning the Proposed Spin-off; and (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Shareholders set out on pages 71 to 110 of this circular containing its advice to the Independent Board Committee and the Shareholders in this regard.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the view that the Proposed Spin-Off is fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Shareholders to vote in favour of the ordinary resolution to approve the Proposed Spin-Off as set forth in the notice of the EGM.

GENERAL

The Board expects that the CNC Prospectus containing, among others, details of the Preferential Offering (including the basis of allocation) will be despatched to Qualifying Shareholders in due course.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the proposed subscribers for the CNC Shares under the Global Offering (and their respective ultimate beneficial owners), will be Independent Third Parties, except that:

(a) all Qualifying Shareholders (including a connected person of the Company who is a Qualifying Shareholder) will be entitled to participate in the Preferential Offering; and

(b) an application has been made to the Stock Exchange for and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.03 of the Listing Rules and its consent to permit Whole Good, an associate of Mr Shi, being a non-executive director of China New City, which is a Shareholder to subscribe for CNC Shares under the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 of the Listing Rules and the requirements under Rule 10.03 of the Listing Rules.

ADDITIONAL INFORMATION

This circular is being distributed to the Shareholders. This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities. Neither this circular nor anything contained therein shall form the basis of any contract or commitment whatsoever.

Shareholders should note that the Company may or may not proceed with the Proposed Spin-off in accordance with the terms set out above, or at all. The Board wishes to emphasize that the specific terms and timing of the Proposed Spin-off may require certain consents and approvals, including the approval of Shareholders by ordinary resolution. An application has been made to the Stock Exchange for the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange. Such consents and approvals may or may not be obtained. Given the uncertainty as to whether the Proposed Spin-off will take place, and if it does, when it will take place, Shareholders are therefore urged to exercise caution when dealing in the securities of the Company. Any decision to apply for the CNC Shares under the Global Offering should be based solely on the information provided in the CNC Prospectus. Further announcement(s) will be made as and when appropriate in respect of any material developments relating to the Proposed Spin-off and/or any material change in the information contained in this circular. If in any doubt, Shareholders and other persons contemplating dealing in securities of the Company and potential investors are recommended to consult their professional advisers.

Your attention is drawn to the additional information set out in the appendices to this circular.

By order of the Board
Zhong An Real Estate Limited
Shi Kancheng
Chairman

众安房产
ZHONG AN REAL ESTATE

ZHONG AN REAL ESTATE LIMITED
眾安房產有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 672)

14 May 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
CHINA NEW CITY COMMERCIAL DEVELOPMENT LIMITED
ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED

We refer to the circular dated 14 May 2014 (the "**Circular**") issued by the Company to its Shareholders of which this letter forms part. Unless the context requires otherwise, the capitalized terms used herein shall have the same meanings as defined in the Circular.

We understand that the Proposed Spin-off will be a deemed disposal by the Company of its equity interest in China New City and will constitute a major transaction (as defined under the Listing Rules) for the Company. Pursuant to Chapter 14 of the Listing Rules and PN15, approval from the Shareholders will be required.

We have been appointed as members of the Independent Board Committee to advise the Shareholders as to whether the Proposed Spin-off is fair and reasonable so far as the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Celestial Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Shareholders in this respect and we wish to draw your attention to its advice on pages 71 to 110 of the Circular. We also wish to draw your attention to the letter from the Board setting out the details of the Proposed Spin-off on pages 17 to 68 of the Circular.

Having considered, among others, the factors and reasons considered by, and the advice and recommendation of Independent Financial Adviser, we are of the opinion that the Proposed Spin-off is fair and reasonable so far as Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Spin-off.

Yours faithfully,
For and on behalf of the Independent Board Committee
Professor Pei Ker Wei **Dr Loke Yu (alias Loke Hoi Lam)** **Mr Zhang Huaqiao**
Independent non-executive Directors

The following is the text of a letter of advice from Celestial Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off for the purpose of incorporation into this circular.

Celestial Capital Limited
21st Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

14 May 2014

To the Independent Board Committee and the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY
IN RELATION TO
THE PROPOSED SPIN-OFF AND SEPARATE LISTING OF
CHINA NEW CITY COMMERCIAL DEVELOPMENT LIMITED
ON THE MAIN BOARD OF
THE STOCK EXCHANGE OF HONG KONG LIMITED**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in relation to the Proposed Spin-off, details of which are set out in the letter from the Board ("**Letter from the Board**") contained in the circular dated 14 May 2014 issued by the Company to the Shareholders ("**Circular**"), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter have the same meanings as those defined in the Circular.

The Proposed Spin-off is expected to be implemented by way of the Global Offering which will consist of the Hong Kong Public Offering, the International Offering and the Preferential Offering, and a separate listing of the CNC Shares on the Main Board of the Stock Exchange. The Proposed Spin-off, if proceeds, will constitute a deemed disposal of the Company's equity interest in China New City under Rule 14.29 of the Listing Rules and, given that one of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules could be more than 25% but is expected to be less than 75%, may constitute a major transaction for the Company under Chapter 14 of the Listing Rules. The Proposed Spin-off is therefore subject to the announcement and Shareholders' approval requirements of Chapter 14 of the Listing Rules. Approval from the Shareholders for the Proposed Spin-off is also required under PN15 of the Listing Rules.

Under the current proposed structure of the Proposed Spin-off, it is expected that the Qualifying Shareholders will be invited to participate in the Preferential Offering relating to the subscription of the Reserved Shares. It should be noted that it is not within our terms of reference to advise the Qualifying Shareholders as to whether or not to participate in the Preferential Offering. In this regard, the Qualifying Shareholders are recommended to consult their own professional advisers and refer to the information contained in the Circular and the CNC Prospectus to be issued in due course. We have not considered the tax consequences of the Proposed Spin-off, including the Preferential Offering, on Shareholders since these are particular to their individual circumstances. Shareholders who are subject to overseas taxation on securities dealing should consider their own tax positions with regard to the Proposed Spin-off and, if in doubt, should consult their own professional advisers.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Professor Pei Ker Wei, Dr Loke Yu (alias Loke Hoi Lam) and Mr Zhang Huaqiao, has been formed to advise the Shareholders as to whether the Proposed Spin-off is fair and reasonable and is in the interests of the Company and Shareholders as a whole. In this regard, we have been appointed as the Independent Financial Adviser to give an independent opinion to the Independent Board Committee and the Shareholders in relation thereto.

BASIS OF OUR OPINION

In formulating our opinion and recommendation in relation to the Proposed Spin-off, we have relied on the information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (including the CNC Group and the Remaining Zhong An Group). We have also relied on the information, facts and representations contained or referred to in the Circular and have assumed that the information, facts and representations provided, and the opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the Latest Practicable Date. We have also assumed that all statements of beliefs and opinions made by the Company and/or the Directors and/or the management of the Group (including the CNC Group and the Remaining Zhong An Group) in the Circular were reasonably made after due enquiry and the expectations and intentions made by the Company and/or the Directors and/or the management of the Group (including the CNC Group and the Remaining Zhong An Group) will be met or carried out as the case may be. We have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied and the opinions expressed. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group (including the CNC Group and the Remaining Zhong An Group) in its existing state, nor have we carried out any independent verification of the information provided by the Company and/or the Directors and/or the management of the Group (including the CNC Group and the Remaining Zhong An Group).

As set out in the section headed "Appendix III – General Information – 1. Responsibility Statement" of the Circular, the Directors jointly and severally accept full responsibility for the Circular, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading.

This letter is issued for the information of the Independent Board Committee and the Shareholders solely in connection with their consideration of the Proposed Spin-off. Except for its inclusion in the Circular and for inspection purpose as set out in the section headed "Appendix III – General Information – 7. Documents Available for Inspection" of the Circular, this letter should not be quoted or referred to, in whole or in part, nor should this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Spin-off, we have taken into account the following principal factors and reasons:

1. Businesses of the Group and the CNC Group

Businesses of the Group

The Group is principally engaged in four principal business areas, namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management. Its property development portfolio, prior to the Proposed Spin-off, includes both residential and commercial properties in the PRC. Following completion of the Proposed Spin-off, the Company will operate its commercial properties development and investment business, with principal focus in the Yangtze-River Delta Region in the PRC, through the CNC Group, while the Remaining Zhong An Group will be a pure play property developer for residential properties in the PRC.

Businesses of the CNC Group

China New City is a commercial property developer, owner and operator, with a focus on developing integrated commercial complexes in sub-city centers of second-tier cities in the Yangtze-River Delta Region in the PRC. The CNC Group's business is comprised of three main areas, being (i) sale of properties, that is primarily the development of commercial properties for sale, namely offices, retail units and serviced apartments; (ii) property leasing and property management, that is the development, leasing and management of commercial properties, with a focus on integrated commercial complexes; and (iii) hotel operation, that is the investment in and operation of hotels. The portfolio of property developments of the CNC Group as of 28 February 2014 consisted of (a) eight completed projects; (b) five projects under development; (c) two projects held for future development; (d) two projects contracted to be acquired (it is mentioned in the Letter from the Board that the CNC Group has entered into memorandum of understanding based on its overall strategies and business development plans with the relevant government authorities which sets forth the general development conditions relating to the site, but there is no assurance that the relevant land will be granted to the CNC Group); and (e) units in two completed buildings. As set out in the Letter from the Board, in future, the CNC Group (1) will also expand into the business of land development in different towns and counties in the PRC, which includes, among others, master site planning, expropriation of land, demolition and resettlement, public facilities and amenities construction, by entering into cooperation agreements with local government authorities in the PRC; and (2) may also expand into other town and county urbanization-related businesses and services, which include, among others, the modernization of the agricultural industry, supply of agricultural products and the provision of elderly management services (all businesses mentioned in (1) and (2) above referred to as "**Expanded Businesses**").

2. Reasons for and benefits of the Proposed Spin-off

As advised by the Board, it expects that the Proposed Spin-off will bring forward the following benefits to the Company, China New City and their respective shareholders as a whole, which are in line with the reasons for and benefits of the Proposed Spin-off as set out in the Letter from the Board:

(a) the Board considers that the Proposed Spin-off will create investor focus for both of the Remaining Zhong An Group and the CNC Group. Upon completion of the Proposed Spin-off and separate listing on the Main Board of the Stock Exchange of China New City, the Remaining Zhong An Group will be a pure play property developer for residential properties, and the CNC Group will be a property developer purely for commercial properties, in the PRC (and in future, the CNC Group also plans to expand into the Expanded Businesses). It is expected that a more defined business focus for both groups will further enhance their respective brandings and provide investors and public with greater investment focus for each group;

(b) the Proposed Spin-off is expected to improve the operational and financial transparency of the CNC Group (as China New City will become a Main Board-listed company and will then comply with the Listing Rules in respect of, among other things, reporting, announcement and/or shareholders' approval requirements in respect of the CNC Group's affairs), and provide investors, the market and rating agencies with greater clarity on the businesses as well as financial status not only of the Remaining Zhong An Group but also those of the CNC Group;

(c) the Proposed Spin-off is expected to bring better clarity and focus for the respective management of the CNC Group and the Remaining Zhong An Group. With different business focus, upon completion of the Proposed Spin-off, the management of each of the Remaining Zhong An Group and the CNC Group will be able to efficiently allocate resources and focus on their respective businesses, thereby enhancing the decision-making process and their respective responsiveness to market changes;

(d) the separate listing of China New City will provide separate fund raising platforms for the Remaining Zhong An Group and the CNC Group, in both equity and debt capital markets, which will increase the financing flexibility for both groups to raise fund for their respective business development purposes and operations;

(e) upon completion of the Proposed Spin-off, China New City will continue to be an indirect non-wholly owned subsidiary of the Company. Accordingly, in addition to their participation in the future development of the Remaining Zhong An Group, the Company and the Shareholders (through their investments in the Company as China New City will continue to be an indirect non-wholly owned subsidiary of the Company) will continue to benefit from any potential upside on the development of the CNC Group through consolidation by the Group of the financial results of the CNC Group; and

(f) the Proposed Spin-off is expected to create more value for the shareholders of both of the Company and China New City. Upon completion of the Proposed Spin-off, the Group will have two separate listing vehicles with different core property focuses, and it is expected by the Board that the fair value of the businesses of each of the Remaining Zhongan Group and the CNC Group can be better identified and established through the Proposed Spin-off.

Having considered the above benefits expected to be brought forward to the Group and the CNC Group upon completion of the Proposed Spin-off, we concur with the view of the Directors that the Proposed Spin-off will be in the interests of the Company and the Shareholders as a whole.

3. Fund to be raised and intended use of net proceeds from the Global Offering

The final structure of the Proposed Spin-off (among other things, the size of the Global Offering and the Offer Price range) has not been determined and will be decided by the Board and the board of directors of China New City. We have been confirmed by the Directors that the relevant decision will be made with references to, among other things, the level of interest expressed by prospective institutional, professional and other investors during the book-building process for the Global Offering.

It is set out in the Letter from the Board that the estimated minimum market capitalization of China New City shall be approximately HK$7,126 million ("**CNC Estimated Market Capitalization**"), being estimated based on the unaudited combined net assets of the CNC Group as at 31 December 2013 (the unaudited combined net assets after deducting non-controlling interests of the CNC Group amounted to approximately RMB2,326.4 million as at 31 December 2013), the current proposed structure of the Global Offering and the number of Offer Shares (without taking into account any CNC Shares which may be issued upon any exercise of the Over-allotment Option). It is also set out in the Letter from the Board that the directors of China New City currently expect that the estimated net proceeds from the Global Offering will be about HK$2,004.5 million (being the mid-point of the expected net proceeds from the Global Offering which is subject to the final determination of the terms of the Global Offering) which, according to the current intension of the directors of China New City, will be applied as follows:

(1) approximately 70.0% will be used to finance the development of the CNC Group's International Office Center projects, including:

- approximately 20.0% will be used to finance the construction and development of the CNC Group's International Office Center A3 project;

- approximately 50.0% will be used to finance the construction and development of the CNC Group's International Office Center A1 and A2 projects;

(2) approximately 20.0% will be used to finance the construction and development of the CNC Group's other projects (as confirmed by the Directors, such projects should be in line with the principal business of the CNC Group); and

(3) approximately 10.0% will be used for working capital and other general corporate purposes.

In addition, if the net proceeds from the Global Offering are either more or less than the expected amount mentioned above (including the case where more net proceeds is received by China New City upon exercise of the Over-allotment Option), China New City will adjust the allocation of the net proceeds for the abovementioned purposes on a pro rata basis.

International Office Center is located in Qianjiang Century City of Xiaoshan District, Hangzhou, the PRC. As advised by the Directors, International Office Center is expected to comprise three phases (being phases A, B and C) and to be developed as an integrated commercial complex, which will consist of serviced apartment, hotel, retail and office portions. It is mentioned in the Letter from the Board that as of 28 February 2014, (a) International Office Center A3 was under development, the construction thereof was expected to be completed in December 2014, and the development costs to be incurred was estimated to be RMB1,334.2 million (being estimated based solely on the project plans, target costs and internal estimates of the CNC Group, and are subject to change); and (b) International Office Center A1 and A2 were projects held for future development, the expected construction commencement and completion dates of which would be June 2014 and December 2017 respectively, and the total estimated development costs to be incurred for these two projects would be RMB2,465.0 million (being estimated based solely on the project plans, target costs and internal estimates of the CNC Group, and are subject to change).

We note that the Proposed Spin-off and separate listing on the Main Board of the Stock Exchange of China New City, if proceed, will not only provide the CNC Group with net proceeds from the Global Offering to finance its businesses and operations as a property developer purely for commercial properties in the PRC (and in future, the CNC Group also plans to expand into the Expanded Businesses), but also allow the Remaining Zhong An Group to reserve and deploy its own financial resources to fund its businesses and operations and/or other suitable investment opportunities as a pure play property developer for residential properties in the PRC in the future. On that basis and given the current intention of the directors of China New City that approximately 90% of the net proceeds from the Global Offering, if proceeds, will be applied to finance the construction and development of Plot A1 to A3 of International Office Center and other projects of the CNC Group, which, as confirmed by the Directors, should be in line with the principal business of the CNC Group, we concur with the view of the Directors that the Proposed Spin-off is in the interest of the Company and the Shareholders as a whole.

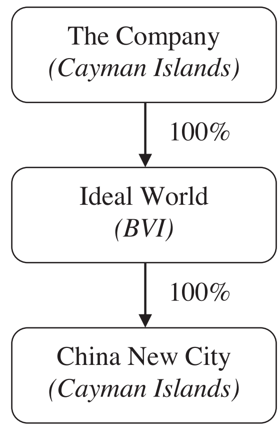
However, the above expected amount to be raised from the Global Offering and the intended use of net proceeds from the Global Offering are indicative only and are subject to changes due to factors, among other things, the then prevailing stock market conditions and the final structure of the Global Offering to be determined by the respective boards of the Company and China New City; hence, the final amount of fund being raised from the Global Offering and the allocation of the net proceeds from the Global Offering may be different from those set out in the Letter from the Board and replicated in this letter. Further information on the amount to be raised from the Global Offering and the application of the net proceeds from the Global Offering will be set forth in the CNC Prospectus.

4. Structure of the Proposed Spin-off

The Company intends to effect the Proposed Spin-off and a separate listing of the CNC Shares on the Main Board of the Stock Exchange by way of the Global Offering which will consist of the Hong Kong Public Offering and the International Offering. In addition, a portion of the CNC Shares allocated for subscription under the Global Offering will be made available to the Qualifying Shareholders under the Preferential Offering as Reserved Shares (which shall represent approximately 10.1% of the Offer Shares initially available under the Global Offering based on the current proposed structure of the Global Offering).

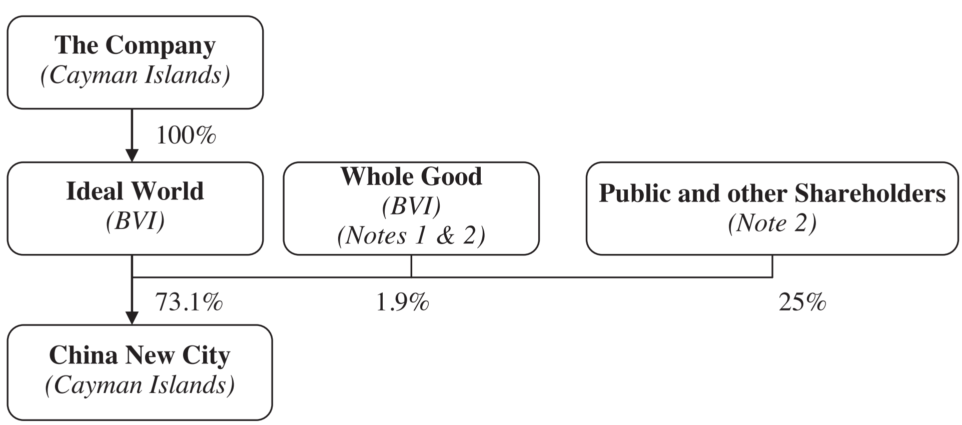
The CNC Shares to be issued pursuant to the Global Offering will rank pari passu in all respects with all the existing CNC Shares in issue on the date of allotment and issue of such CNC Shares except for entitlement under the Capitalization Issue. Based on the current proposed structure of the Proposed Spin-off which is subject to finalization, assuming that the Over-allotment Option is not exercised, immediately following completion of the Proposed Spin-off, the Company will continue to indirectly hold approximately 73.1% of CNC Shares in issue. If the Over-allotment Option is exercised in full, the Company's indirect shareholding in China New City will reduce to approximately 70.2%. In any of these events, China New City will continue to be an indirect non-wholly owned subsidiary of the Company and the operating results of the CNC Group will continue to be consolidated into the consolidated financial statements of the Group.

Set out below is the shareholding structure of China New City immediately after the Reorganization, but before completion of the Proposed Spin-off, the Global Offering and the Capitalization Issue:



Set out below is the shareholding structure of China New City immediately following completion of the Proposed Spin-off, the Global Offering and the Capitalization Issue ((i) assuming that there will not be any change in shareholding in the Company as at the date of the Circular and up to the Record Date and that all the Qualifying Shareholders will take up their respective Assured Entitlements; and (ii) without taking into account any CNC Shares which may be taken up under the Global Offering):

Assuming that the Over-allotment Option is not exercised



Notes:

(1) As at the Latest Practicable Date, Whole Good, a company wholly owned by Mr Shi, was a substantial Shareholder holding approximately 68.8% of the issued Shares. Assuming that there will not be any change in Whole Good's shareholding in the Company up to the Record Date, if the Proposed Spin-off and the Global Offering (which includes the Preferential Offering) are proceeded with and given that the Stock Exchange has granted its consent to the inclusion of Whole Good in the Preferential Offering notwithstanding the requirements under paragraph 5(2) of Appendix 6 to the Listing Rules and the requirements under Rule 10.03 of the Listing Rules, Whole Good will be a Qualifying Shareholder with an Assured Entitlement to apply for such number of Reserved Shares under the Preferential Offering, representing approximately 1.9% (assuming the Over-allotment Option is not exercised) of the issued share capital of China New City immediately following

completion of the Global Offering and the Capitalization Issue. As Whole Good is wholly owned by Mr Shi who is the chairman and non-executive director of China New City, Whole Good will therefore be a connected person of China New City and will not be considered as a public shareholder of China New City.

(2) Assuming that Whole Good will take up all such Reserved Shares entitled by it under the Preferential Offering in full, and without taking into account any other CNC Shares which may be taken up under the Global Offering and any CNC Shares which may be allotted and issued upon the exercise of the Over-allotment Option, it is expected that China New City will have a public float of not less than 25%, which complies with the minimum public float requirement under Rule 8.08 of the Listing Rules.

Based on the current proposed structure of the Proposed Spin-off, the number of CNC Shares which will be initially available under the Global Offering is expected to represent approximately 26.9% of the total number of CNC Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised), and the Company's equity interest in China New City will reduce to 73.1% (assuming the Over-allotment Option is not exercised) or to 70.2% (assuming the Over-allotment Option is exercised in full) immediately following completion of the Global Offering and the Capitalization Issue.

Business delineation between the Remaining Zhong An Group and the CNC Group

As detailed in the Letter from the Board, after the Proposed Spin-off, the core businesses of the Remaining Zhong An Group and those of the CNC Group are by nature different and are independently operated. The Remaining Zhong An Group will focus on its business as a pure play property developer for residential properties in the PRC, while the CNC Group will operate its commercial properties development and investment business in the PRC and, in future, the Expanded Businesses. It is further set out in the Letter from the Board that for the purpose of business delineation between the two groups, residential properties (or commercial properties, as the case maybe) are properties developed on land where a specified part or certain portion of the land is specified in the tender conditions for an auctioned land that such land is for residential property development (or commercial property development, as the case maybe), the relevant land use right contract and/or the land use right certificate are issued specially for residential use (or for commercial use, as the case maybe). Nonetheless, it is expected that after completion of the Proposed Spin-off, the Remaining Zhong An Group will continue to hold certain shops and car parking spaces ("**Remaining Ancillary Properties**") ancillary to the residential property projects developed by it and the VC Hotel; while the CNC Group will continue to hold the residential properties comprised in its Zhong An Times Square (Phase II) (i.e. the Times Square Residential Portion as defined in the Letter from the Board).

Shops and car parking spaces ancillary to residential properties

After the Proposed Spin-off, the Remaining Zhong An Group will continue to hold the Remaining Ancillary Properties. As mentioned in the Letter from the Board, for each of the two years ended 31 December 2013, an insignificant portion of the revenue of the Remaining Zhong An Group, which amounted to approximately RMB69.9 million and RMB23.6 million, respectively (representing approximately 3.0%

and 1.5% of the total revenue of the Remaining Zhong An Group for the abovementioned financial years, respectively), was attributable to the sales or leasing of shops and car parking spaces by two members of the Remaining Zhong An Group. As advised by the management of the Group, it is expected that the sales or leasing of the Remaining Ancillary Properties will continue to account for an insignificant portion of the revenue of the Remaining Zhong An Group after completion of the Proposed Spin-off. Whilst the CNC Group will focus on the development and investment in integrated commercial complexes with a mixture of office buildings, serviced apartments, hotels and shopping centers, the Remaining Ancillary Properties, which are ancillary in nature, are not the core commercial property focus of the CNC Group. Therefore, the Remaining Ancillary Properties will remain with the Remaining Zhong An Group.

We have discussed with and have been advised by the management of the Group that for the purposes of Reorganization and business delineation of the two groups, it has been determined that (a) residential property projects which have been developed by the Group and all residential units of which have been sold prior to the Reorganization (Note: please refer to the paragraph below in respect of White Horse Noble Mansion) would be taken by the CNC Group as the remaining unsold portion of the projects alone, all being shops and car parking spaces, would be commercial in nature; and (b) the Remaining Ancillary Properties, i.e. those shops and car parking spaces of residential property projects which have been developed by the Group and certain residential units of which have not been sold at the time of the Reorganization, would be retained and held by the Zhong An Remaining Group. We have been advised by the management of the Group that (1) during the year ended 31 December 2013, the CNC Group entered into sales and leasing management agreements with the Remaining Zhong An Group, pursuant to which the CNC Group provided sales and leasing agency services to the Remaining Zhong An Group for the sales and leasing of certain shops and/or car parking spaces ancillary to the Remaining Zhong An Group's residential properties (including the Remaining Ancillary Properties), and such agreements, as confirmed by the management of the Group, had been terminated on 5 March 2014; and (2) the management of the Group considers that the sale and/or leasing of the Remaining Ancillary Properties by the Zhong An Remaining Group should not result in any significant competition between the two groups given that (i) the planned total GFA of the Remaining Ancillary Properties is relatively insignificant to the Remaining Zhong An Group and to the CNC Group; (ii) the Remaining Ancillary Properties are built for meeting the basic necessity and convenience of the residents in the relevant residential development, are common for all residential projects and by their nature are considered as part of the "residential properties"; (iii) the Remaining Ancillary Properties are intended for providing residents of the Remaining Zhong An Group's residential property projects with the convenience in satisfying their basic everyday needs such as groceries and banking facilities, while retail shops within the commercial properties of the CNC Group are targeted for customers who want the convenience of one-stop experience offering a wide range of facilities relating to offices, restaurants, apparel, food and beverage, shopping and entertainment; and (iv) the car parking spaces of the Remaining Ancillary Properties are intended for the sale to the residents for long-term use while the car parking spaces in commercial properties of the CNC Group are intended for those (who may or may not be living in close proximity to the commercial properties) visiting the commercial properties as short-term rental, or (where applicable) for sale to residents of the relevant serviced apartments. We have been further advised by the management of the Group that by retaining the Remaining Ancillary Properties (being shops and car parking spaces), the Remaining Zhong An Group will be provided with more flexibility in planning for future sale/pre-sale of the remaining residential units of the related residential property projects of the Remaining Zhong An Group. In addition, we notice that similar flexibility is allowed for the Remaining Zhong An Group pursuant to the Non-compete Undertakings to be entered into by the CNC Controlling Shareholders and China New City, as it will be an Excluded Business (as defined in the Letter from the Board) of the Remaining Zhong An Group to develop, sell and/or invest in shops and car parking spaces ancillary to the residential properties from time to time owned and/or under development and/or future development by the Remaining Zhong An Group, provided that the aggregate GFA of the shops to which the relevant residential property project relates shall not exceed 10% (the "**10%-limit**") of the planned total GFA of such residential property project. On the basis of the above, we concur with the view of the Directors that it is reasonable for the Remaining Zhong An Group to retain the Remaining Ancillary Properties, being shops and car parking spaces of residential projects where some of the residential units of which have not been sold prior to the Reorganization.

With regard to the 10%-limit, we have been advised by the management of the Group that the 10%-limit has been determined (1) for the purpose of providing flexibility to the Remaining Zhong An Group in planning for the development and sale of its residential property projects in future; and (2) after taking into account the percentage of the total GFA of the shops over the planned total GFA of the existing residential property projects of the Remaining Zhong An Group (as confirmed by the management of the Group, all below 10%). We have been further confirmed by the management of the Group that (a) it is the Remaining Zhong An Group's principle that the shops and car parking spaces of its residential property projects should be ancillary in nature and are built for meeting the basic necessity and convenience of the residents in the relevant residential development, and the Remaining Zhong An Group will continue such principle in planning and developing its residential property projects in future; and (b) based on such principle, the shops and car parking spaces ancillary to a residential property project of the Remaining Zhong An Group should not be a significant portion of the total planned GFA of such residential property project. Having considered such principle of the Remaining Zhong An Group with regard to the shops and car parking spaces of its residential property projects, the flexibility provided to the Remaining Zhong An Group in planning for the development and sale of its residential property projects with ancillary shops and car parking spaces to meet the basic necessity and convenience of the residents in the relevant residential development, and the determination of the 10%-limit by the Remaining Zhong An Group and the CNC Group after taking into account the percentage of the total GFA of shops over the planned GFA of the existing residential property projects of the Remaining Zhong An Group by them, we are of the opinion that the 10%-limit is fair and reasonable. Furthermore, (i) by setting the 10%-limit, it would help to ensure that the retail element of the residential property projects of the Zhong An Remaining Group will not become a significant portion thereof; and (ii) the shops and car parking spaces of the residential property projects of the Zhong An Remaining Group to be built by following the 10%-limit (as well as the Remaining Ancillary Properties currently held and to be retained by the Remaining Zhong An Group) are of ancillary nature, aim for meeting the basic necessity and convenience of the residents of the relevant residential development, and are different from the retail shops within the commercial properties of the CNC Group which are targeted for customers who want the convenience of one-stop experience offering a wide range of facilities relating to offices, restaurants, apparel, food and beverage, shopping and entertainment, the competition between the shops and car parking spaces ancillary to the residential property projects of the Remaining Zhong An Group (including the Remaining Ancillary Properties) and the retail shops and car parking spaces of the commercial properties of the CNC Group would be minimal; hence the proposed business delineation between the Remaining Zhong An Group and the CNC Group upon completion of the Proposed Spin-off would not be affected.

We notice from the Letter from the Board that one residential apartment (the "**Relevant Residential Apartment**") of White Horse Noble Mansion, a residential property project with shops and car parking spaces which were developed by the Group and which is currently held by the CNC Group, was unsold as of 31 December 2013. As explained in the Letter from the Board, as of 31 December 2013, the relevant purchaser failed to complete the acquisition of the Relevant Residential Apartment, and the related GFA was therefore regarded as available for sale as of that date. As set out in the Letter from the Board, the Relevant Residential Apartment has been pre-sold prior to the Latest Practicable Date; accordingly, as confirmed by the Directors, all GFA available for sale for White Horse Noble Mansion as of the Latest Practicable Date are shops and car parking spaces which are commercial in nature. The Directors have further confirmed that as of the Latest Practicable Date, all shops and car parking spaces of residential property projects of the CNC Group related to projects the residential units of which have all been sold.

Having considered that (i) the Remaining Ancillary Properties are ancillary properties in nature and are shops and car parking spaces of residential property projects with unsold residential units as of the Latest Practicable Date; (ii) the sales or leasing of ancillary properties, being shops and car parking spaces ancillary to the residential properties, had accounted and are expected to account for an insignificant portion of the revenue of the Remaining Zhong An Group; and (iii) the nature of the Remaining Ancillary Properties, which are ancillary to residential property projects developed by the Remaining Zhong An Group but are not independently developed commercial property projects, is different from the core commercial property focus of the CNC Group, we consider that it is reasonable for such ancillary properties to remain in the Remaining Zhong An Group after the Proposed Spin-off.

VC Hotel

The VC Hotel is the planned hotel under construction, and is situated on a parcel of residential land (with unsold residential apartments) owned by the Remaining Zhong An Group. As mentioned in the Letter from the Board, the VC Hotel will still be under construction and therefore will be incapable to be transferred to the CNC Group. With a view to achieve clear business delineation, the Remaining Zhong An Group and the CNC Group have entered into the Land Acquisition Agreement and the Pre-opening Management Agreement in respect of the VC Hotel.

(i) Land Acquisition Agreement

Pursuant to the Land Acquisition Agreement, the Remaining Zhong An Group has agreed to sell the land on which the VC Hotel (the "**VC Hotel Land**") is situated together with the buildings under construction thereon to the CNC Group. Details of the proposed principal terms and conditions of the Land Acquisition Agreement are set out in the Letter from the Board.

As set out in the Letter from the Board, the consideration pursuant to the Land Acquisition Agreement is RMB234 million, which was calculated based on the appraised value of the VC Hotel Land as of 31 January 2014 (the "**VCH Land Valuation**") (being RMB103 million according to the report on the valuation (the "**Valuation Report**") of the VC Hotel Land issued by CBRE Limited (the "**Independent Valuer**"), an independent professional surveyor, on 17 March 2014) and the development costs and expenses incurred by the Remaining Zhong An Group in respect of the VC Hotel up to the date of the Land Acquisition Agreement (which is RMB131 million as confirmed by the management of the Group) (while all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement will be paid by the CNC Group and, in case of termination of the Land Acquisition Agreement, will then be fully refunded to the CNC Group by the Remaining Zhong An Group). We have reviewed the Valuation Report and noticed that the Independent Valuer valued the VC Hotel Land by adopting the market approach, for market value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion. We have further discussed with the Independent Valuer and understand that the market approach is a commonly adopted approach for valuation of land and is in accordance with the "HKIS Valuation Standards (2012 Edition)". On that basis, we consider that the valuation methodology (being market approach) adopted for by the Independent Valuer is generally in line with the market practice and justifiable. However, Shareholders should note that the VCH Land Valuation, likes other formal valuations, involves various bases and assumptions, it may or may not accurately reflect the true market value of the VCH Land.

With regard to the development costs and expenses incurred by the Remaining Zhong An Group in respect of the VC Hotel up to the date of the Land Acquisition Agreement of RMB131 million, we have reviewed the following information and materials provided by the Company: (a) breakdown of the development costs and expenses; and (b) samples of the relevant contracts and agreements. We have been confirmed by the management of the Group that save for such amount of RMB131 million, no other development costs and expenses in relation to the VC Hotel have been incurred or paid by the Remaining Zhong An Group up to the date of the Land Acquisition Agreement.

Given the Land Acquisition Agreement has been entered into for the purpose of the Proposed Spin-off and delineation of the respective businesses of the Remaining Zhong An Group and the CNC Group, we are of the view that the basis of determination of the consideration under the Land Acquisition Agreement, which is the sum of the VCH Land Valuation as of 31 January 2014 and the development costs and expenses incurred by the Remaining Zhong An Group in respect of the VC Hotel up to the date of the Land Acquisition Agreement (while all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement will be paid by the CNC Group and, in case of termination of the Land Acquisition Agreement, will then be fully refunded to the CNC Group by the Remaining Zhong An Group) is fair and reasonable on the assumption that there would be no material change to the value of the VC Hotel Land after 31 January 2014.

As mentioned in the Letter from the Board, under the Land Acquisition Agreement, Hangzhou Huihong, a member of the CNC Group, will pay all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement. Such costs and expenses will be fully refunded to Hangzhou Huihong upon termination of the Land Acquisition Agreement. The Land Acquisition Agreement shall be terminated if the parties thereto mutually agree to such termination, or if any of the conditions precedent stated therein is not fulfilled or (where applicable) waived before the earlier of (a) one year after completion of construction and completion acceptance inspection and filing of VC Hotel or (b) 31 December 2016 (or such later date as agreed by the parties to the Land Acquisition Agreement).

Completion of the Land Acquisition Agreement shall be conditional upon, among other things, completion of the construction of the VC Hotel, the obtaining of the requisite land use right certificate (with the use being changed to commercial use) and building ownership certificates in respect of the VC Hotel and other conditions precedent as further described therein.

We have been confirmed by the management of the Group that (i) the construction of the VC Hotel has been in line with the construction schedule, and the roof-sealing of the main building of the project took place in December 2013 as scheduled; (ii) based on the construction schedule, construction work will be completed in 2015.

The VC Hotel shall not commence its operation prior to the completion of the Land Acquisition Agreement. In the event that the Land Acquisition Agreement is terminated and the completion thereof does not proceed, the Remaining Zhong An Group will continue to own the VC Hotel, but it will be restricted from investing, developing and operating the VC Hotel as a hotel or for other purpose that may constitute Restricted Business of the Remaining Zhong An Group (as defined in the Letter from the Board) under the Non-compete Undertakings. We notice from the Letter of the Board that the Restricted Business of the Remaining Zhong An Group does not include the Excluded Business which includes, among other things, the development of and investment in the VC Hotel by the Remaining Zhong An Group, provided that the VC Hotel shall be exclusively managed by the CNC Group in accordance with the terms and condition of the Pre-opening Management Agreement (to be discussed in the following paragraph) and the transactions contemplated under the Land Acquisition

Agreement, including the sale of the VC Hotel to the CNC Group. We have been advised by the management of the Group that if the Land Acquisition Agreement is terminated and the completion thereof does not proceed, the Remaining Zhong An Group may consider to convert the VC Hotel into residential project which will not be a Restricted Business of the Remaining Zhong An Group. In addition, we have been advised by the management of the Group that the Company has been advised by its PRC legal advisers that after the Remaining Zhong An Group completes the construction of the VC Hotel and obtains the relevant land use rights certificates and building ownership certificates for the VC Hotel, the Remaining Zhong An Group can then apply for the change of the land use rights from residential to commercial and for the transfer of the new land use right certificates and building ownership certificates in respect of the VC Hotel.

In addition, it is set out in the Letter from the Board that the Company's PRC legal advisers, JT&N Law Firm (the "**PRC Legal Advisers**"), are of the view that subject to compliance with the relevant conditions of the original land contract and the submission of the requested application documents with the relevant government authorities, there will not be any material legal impediments to the grant of all relevant approvals for the change of the land use rights certificate and to obtain the building ownership certificates for the VC Hotel. We have also been confirmed by the management of the Group that save for the rules and regulations relating to the land management and real estate management as well as the relevant conditions of the original land contract mentioned above (in particular, the payment of the additional land consideration to the government authority), there is no other restrictive requirement applicable for the VC Hotel. With regard to such view of the management of the Group, we have further discussed with the PRC Legal Advisers who agree with such view from the legal prospective. We have been further confirmed by the management of the Group that according to the terms of the Land Acquisition Agreement, all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement will be paid by the CNC Group, therefore the abovementioned payment of additional land consideration to the government authority will be borne by the CNC Group.

We have been confirmed by the management of the Group that (i) subject to the conditions of the original land contract and the submission of the requested application documents with the relevant government authorities, there will not be any material legal impediments for the Remaining Zhong An Group to transfer the land use rights and building ownership certificates of the VC Hotel to the CNC Group and (ii) save for the rules and regulations relating to the land management and real estate management as well as the relevant conditions of the original land contract mentioned above (in particular, the fulfillment of the required level of investment in terms of investment amount as compared with the total investment required or completed GFA as compared with the planned GFA), there is no other restrictive requirement applicable for the VC Hotel. With regard to such views of the management of the Group, we have further discussed with the PRC Legal Advisers who agree with such views from the legal prospective.

In relation to the accounting treatment of the costs, expenses and taxes in relation to the development of the VC Hotel in the CNC Group, it is set out in the Letter from the Board that such expenditure incurred after execution of the Land Acquisition Agreement and the Pre-opening Management Agreement will be recorded as property under development in the balance sheet of, or expenses in the financial statement of, the CNC Group.

(ii) Pre-opening Management Agreement

As mentioned in the Letter from the Board, simultaneously upon signing of the Land Acquisition Agreement, Anhui Zhong An Real Estate, a member of the Remaining Zhong An Group, and Hefei Holiday Inn, a member of the CNC Group, have entered into the Pre-opening Management Agreement, pursuant to which Hefei Holiday Inn will be appointed as the exclusive project manager for the overall management and supervision of the ongoing construction and development of the VC Hotel and be responsible for, among other things, providing the services relating to the pre-opening of the VC Hotel. Details of the principal terms and conditions of the Pre-opening Management Agreement are set out in the Letter from the Board.

The Pre-opening Management Agreement will be for a term starting from the date of signing of the Pre-opening Management Agreement and up to completion or earlier termination of the Land Acquisition Agreement. No fees will be payable to the CNC Group by the Remaining Zhong An Group under the Pre-opening Management Agreement.

Having considered the above, and given the Land Acquisition Agreement and the Pre-opening Management Agreement have been entered into for the purposes of the Proposed Spin-off and delineation of the respective businesses of the Remaining Zhong An Group and the CNC Group, we consider that it is justifiable for the two groups to enter into the Land Acquisition Agreement and the Pre-opening Management Agreement and that the respective principal terms and conditions of the Land Acquisition Agreement and the Pre-opening Management Agreement as stipulated in the Letter from the Board are fair and reasonable. In addition, under the Land Acquisition Agreement and the Pre-opening Management Agreement, (i) the CNC Group will be the exclusive project manager of the VC Hotel and will bear all development costs and expenses of the VC Hotel from the date of the Land Acquisition Agreement, whilst the Remaining Zhong An Group will only play an administrative role in its capacity as the legal owner of the VC Hotel; and (ii) there will be no reliance by the Remaining Zhong An Group on the CNC Group on its revenue generation as the VC Hotel will not commence its operation prior to the completion of the Land Acquisition Agreement, we concur with the view of the Directors that the CNC Group is capable of carrying on its business in respect of the VC Hotel independently of the Remaining Zhong An Group.

Residential properties in Zhong An Times Square (Phase II)

As mentioned in the Letter from the Board, Zhong An Times Square (Phase II) is part of the integrated commercial-residential complex in Zhong An Times Square, a development project of the CNC Group in Yuyao City, Zheijiang Province, the PRC. The Times Square Residential Portion are residential properties which account for approximately 26.1% of the estimated GFA of Zhong An Times Square (Phase II). The title in relation to the Times Square Residential Portion would only be able to be ascertained upon the relevant building ownership certificates are issued subsequent to completion of the construction thereof which, as set out in the Letter from the Board, is expected to take place in November 2015. As the development of Zhong An Times Square (Phase II) was under construction as of the Latest Practicable Date, the residential properties are not yet ascertainable and therefore incapable of being separated and transferred to the Remaining Zhong An Group before completion of the Global Offering and commencement of the separate listing of the CNC Shares on the Stock Exchange.

To achieve a clear business delineation between the Remaining Zhong An Group and the CNC Group in relation to the Times Square Residential Portion, Yuyao Times Square Property, a member of the CNC Group and the owner of the Times Square Residential Portion, and Yuyao Zhong'an Property, a member of the Remaining Zhong An Group, have entered into the Cooperation Agreement, pursuant to which the Remaining Zhong An Group will be appointed as the exclusive project manager for the overall management and supervision of the ongoing construction and development of the Times Square Residential Portion. Details of the proposed principal terms and conditions of the Cooperation Agreement are set out in the Letter from the Board.

It is detailed in the Letter from the Board that under the Cooperation Agreement, the Remaining Zhong An Group will be entitled to the net economic benefit arising from the Times Square Residential Portion by way of receiving service fee, being the net sales proceeds from the sales of the Times Square Residential Portion, from the CNC Group. The net sales proceeds will be paid by the CNC Group to the Remaining Zhong An Group on 30 June 2016. After the Cooperation Agreement becoming effective, the Remaining Zhong An Group will bear all costs, expenses and taxes in connection with the development and sale of The Times Square Residential Portion. Any costs, expenses, taxes and other liabilities to be incurred or suffered by Yuyao Times Square Property arising in relation to the sales and pre-sales of the Times Square Residential Portion, and the guarantee arrangements as referred to in the Letter from the Board, shall be reimbursed to Yuyao Times Square Property by way of deducting the relevant amount from the proceeds from the pre-sale and sales of the Times Square Residential Portion. Details of the accounting treatment relating to the net proceeds from the Times Square Residential Portion are set out in the paragraph headed "Accounting treatment for net proceeds from Times Square Residential Portion" of the Letter from the Board. The CNC Group will hold the legal title and ownership of the relevant land use rights and (upon completion of the development) the building ownership on behalf and for the benefit of the Remaining Zhong An Group and, after completion of the development and upon request by the Remaining Zhong An Group, assist the purchasers thereof to obtain the property ownership certificates for the property purchased or, as the case may be, transfer to or assist the Remaining Zhong An Group to obtain the property ownership certificates in respect of any unsold properties. Any unsold apartments of the Times Square Residential Portion as of 30 June 2016 shall be transferred by the CNC Group to the Remaining Zhong An Group at book cost by way of deducing the relevant amount from the proceeds from the pre-sale and sales of the Times Square Residential Portion mentioned above. Given pursuant to the arrangement mentioned above, the Remaining Zhong An Group shall be entitled to the net economic benefits arising from, and shall bear all costs, expenses and taxes in connection with, the development and sale of the Times Square Residential Portion, which is in line with the Remaining Zhong An Group's business focus in relation to development and sale of residential properties in the PRC, we consider that the principal terms and conditions of the Cooperation Agreement are fair and reasonable.

As mentioned in the Letter from the Board, Zhong An Times Square (Phase II) is a large-scale integrated commercial complex project. The Times Square Residential Portion is considered as secondary or as complementary to such commercial development and its residential units (i.e. the Times Square Residential Portion) are not the major focus of such development for the CNC Group. The Times Square Residential Portion only represents approximately 3.7% and 2.2% of the planned total GFA of the CNC Group and the Remaining Zhong An Group, respectively, as of 31 December 2013. Hence, the Times Square Residential Portion is relatively insignificant to each of the Remaining Zhong An Group and the CNC Group.

The pre-sale of the Times Square Residential Portion began in September 2013 and the Company, according to its historical experience, expects that the sales of all residential units will be completed by the end of 2014. We have reviewed the following information and materials provided by the Company: (a) the breakdown of the total GFA contracted for pre-sale in respect of Times Square Residential Portion since the launch of pre-sale in September 2013; and (b) latest plan for pre-sale relating to the remaining units of the Times Square Residential Portion in 2014. We have further discussed with the management of the Group in respect of the pre-sale plan. Having considered the information and materials relating to the pre-sale of the Times Square Residential Portion and our discussion with the management in relation thereto, we consider that the pre-sale plan, according to which the Remaining Zhong An Group (with the assistance from the CNC Group) would complete sales of all residential units of the Times Square Residential Portion by the end of 2014, is feasible. However, Shareholders should note that final sales of the Times Square Residential Portion is subject to a number of factors, including but not limited to market sentiments, marco economic and regulatory factors, and the actual outcome of sales may deviate from the plan. Nevertheless, we have been confirmed by the management of the Group that if any residential units of the Times Square Residential Portion are not sold by end of 2014, Yuyao Zhong'an Property (a member of the Remaining Zhong An Group and the exclusive project manager in relation to the Times Square Residential Portion), with the assistance from Yuyao Times Square Property (a member of the CNC Group and the legal owner of the Times Square Residential Portion), will continue the pre-sales/sales of the Times Square Residential Portion. Any unsold apartments of the Times Square residential Portion as of 30 June 2016 shall be transferred by the CNC Group to the Remaining Zhong An Group in the manner as detailed in the Letter from the Board and replicated in the above paragraph.

As set out in the Letter from the Board, it is not tax efficient for the CNC Group to sell the Times Square Residential Portion to the Remaining Zhong An Group after completion of the construction for the Remaining Zhong An Group to subsequently resell the same to the market. We have discussed with the PRC Legal Advisers and have noticed that transfer of properties (including the Times Square Residential Portion) in the PRC by an enterprise is subject to various taxes including but not limited to sales tax (5%), title deed tax (3% to 5%), land appreciation tax (progressive rates from 30% to 60%), stamp duty (0.05%) and enterprise income tax (25%).

We have noticed from the Letter from the Board that it is the current plan of the Company to commence pre-sale of a small portion of high-rise apartments in Jade Mansion, a residential development of the Remaining Zhong An Group which was still under construction as of the Latest Practicable Date, in the beginning of 2015. We have been advised by the management of the Group, and noticed from the 2012 annual report of the Group, that Jade Mansion is a low-density residential project only with ancillary facilities and consists of townhouses and high-rise apartments, while Times Square Residential Portion is a minority part of the Zhong An Times Square, which is an integrated commercial – residential complex and it is expected that the residents of the Times Square Residential Portion will enjoy the convenience of a one-stop solution with a mixture of hotels, shopping mall, retail shops, office buildings, and other ancillary facilities provided by the commercial portion of Zhong An Times Square. Accordingly, it is reasonable to expect that the target customers of Jade Mansion should be different from those of the Times Square Residential Portion. Based on the above, there will not be any overlap in the timing for the pre-sale of these two residential properties and any competition between the Remaining Zhong An Group and the CNC Group (which will no longer be responsible for the sales and development of the Times Square Residential Portion once the Cooperation Agreement becomes effective) in this regard is considered by the Company as minimal and more apparent than real.

It is also mentioned in the Letter from the Board that: (1) based on the terms and the arrangement under the Cooperation Agreement, the CNC Group is merely acting as an agent for the Remaining Zhong An Group in respect of sales of the Times Square Residential Portion; (2) upon the Cooperation Agreement becoming effective, the CNC Group is of the view that the risk of the Times Square Residential Portion will be transferred to the Remaining Zhong An Group and, according to the prevailing International Financial Reporting Standards (IAS 18 IE Revenue recognition principal versus agent), the CNC Group will derecognize the Times Square Residential Portion in its balance sheet, and the proceeds from the pre-sales of the Times Square Residential Portion received or to be received by the CNC Group on behalf of the Remaining Zhong An Group will be recorded as due to related parties in the balance sheet of the CNC Group, while the related cost, expense and tax paid or to be paid by the CNC Group on behalf on the Remaining Zhong An Group (which will be reimbursed and indemnified by the Remaining Zhong An Group to the CNC Group) will be recorded as due from related parties in the balance sheet of the CNC Group; (3) the gross up revenue and cost of sales of the Times Square Residential Portion will not be recognized by the CNC Group as its revenue and cost of sales, but will be recognized as the gross up revenue and cost of sales of the Group in the consolidated financial statements of the Company instead, given that the Remaining Zhong An Group has the primary responsibility for developing, selling and delivering property to purchasers of the Times Square Residential Portion in fulfilling the pre-sales contract; (4) the selling expenses for the Times Square Residential Portion will be recorded as due to related parties in the balance sheet and selling expenses in the income statement of the Remaining Zhong An Group as such selling expenses occur, while the development costs for the Times Square Residential Portion will be recorded as due to related parties in the balance sheet and cost of sales in the income statement of the Remaining Zhong An Group when such residential properties are delivered to buyers and sales proceeds from such residential properties are recognized; and (5) the transfer of the net sales proceeds from the CNC Group to the Remaining Zhong An Group will be recognized as settlement of the net amount due from related parties in the balance sheet of the Remaining Zhong An Group on 30 June 2016.

Having taken into account the above, we concur with the Directors that the retaining of the Times Square Residential Portion by the CNC Group in the capacity of legal owner thereof will not affect the business delineation of the Remaining Zhong An Group and the CNC Group as the Remaining Zhong An Group will be entitled to all economic benefits arising therefrom on one hand, and will bear all development costs relating thereto on the other hand pursuant to the Cooperation Agreement.

Non-compete Undertakings

As further explained in the Letter from the Board, to protect the CNC Group and the Remaining Zhong An Group from any potential competition with each other, it is expected that the CNC Controlling Shareholders (which include the Company and Ideal World, a direct wholly owned subsidiary of the Company) and China New City will enter into the Non-compete Undertakings, pursuant to which each of the CNC Controlling Shareholders and China New City will, among other matters, irrevocably and unconditionally undertake with each other that at any time during the Relevant Period (as defined in the Letter from the Board):

(i) save for the Excluded Business (as defined in the Letter from the Board), each of the CNC Controlling Shareholders (including the Company) shall, and shall procure that its associates (other than the CNC Group) shall, not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by the CNC Group including but not limited to the development or sale of or investment in or management of commercial properties and/or land development in the PRC from time to time; and

(ii) save for the Excluded Business (as defined in the Letter from the Board), China New City shall, and shall procure that its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) shall, not, directly or indirectly, carry on, invest in or be engaged in any business which will or may compete with the business currently and from time to time engaged by the Remaining Zhong An Group including but not limited to the development or sale of or investment in or management of residential properties in the PRC from time to time.

Further details of the Non-compete Undertakings are set out in the Letter from the Board.

Development of mixed commercial-residential use land projects

Under the Non-compete Undertakings, the Company and China New City will agree to each other that, during the period commencing from the Listing Date and expiring upon the earliest date of occurrence of (i) the date on which the Company and Ideal World (a direct wholly-owned subsidiary of the Company) cease to be the CNC Controlling Shareholders; and (ii) the date on which the CNC Shares cease to be listed on the Stock Exchange or (if applicable) other stock exchange, each of the Remaining Zhong An Group and the CNC Group will adopt a development mechanism (the "**Development Mechanism**") in respect of every occasion in which an opportunity arises for an acquisition and development of a piece of land for property development project which has been designated by the relevant planning authority to be for mixed commercial-residential use (i.e. the Mixed-use Land as defined in the Letter from the Board), regardless of whether a specific part or certain portion of the Mixed-use Land designated for Commercial Use (as defined in the Letter from the Board) and another part for Residential Use (as defined in the Letter from the Board) if the independent board committee of the Company resolves to consider to develop property on the Mixed-use Land, while the CNC Group will not proactively consider the property development of any Mixed-use Land unless it is invited by the Remaining Zhong An Group to participate in the Joint Development (as defined in the Letter from the Board) as a Participating Developer (as defined in the Letter from the Board) (details of the Development Mechanism are set out in the Letter from the Board under the paragraph headed "Joint property development on mixed commercial-residential use land projects").

Under the Development Mechanism, the Remaining Zhong An Group may only proceed with the property development on the Mixed-use Land subject to fulfillment of the following conditions as set out in the Letter from the Board:

(a) the Remaining Zhong An Group will take the lead in the Joint Development relating to the planning and development of the Mixed-use Land and will invite at least one Participating Developer (which may or may not be the CNC Group) to participate in the property development on the commercial part of the Mixed-use Land by way of a joint acquisition and development (in case the CNC Group is invited to be a Participating Developer (whether alone or jointly with other developer(s)), another eligible independent Participating Developer must be invited by the Company unless with the consent of the independent board committee of the Company which is reasonably satisfied that (i) no eligible independent third party developer could be identified by the management of the Company to participate in the Joint Development as a Participating Developer on terms and conditions reasonably acceptable to the Company, and (ii) the management of the Company has taken reasonable steps to approach eligible independent third party developer for the proposed cooperation for the Joint Development but has failed to reach an agreement on the Joint Development on terms and conditions reasonably acceptable to the Company). The invitation by the Remaining Zhong An Group of any candidates as Participating Developers, including both the independent third party developers and the CNC Group, are subject to their eligibility in meeting the qualifications, experience (as advised by the management of the Group, including experience in commercial property development projects) and other criteria as specified by the independent board committee of the Company on a project-by-project basis. The Remaining Zhong An Group will not proceed with the property development on a Mixed-use Land without the participation of any Participating Developer or if no agreement relating to the Joint Development is reached by the Remaining Zhong An Group and any Participating Developer;

(b) the Joint Development will be planned and designed so that the relevant land use right contract in respect of the Mixed-use Land should separately designate specific part or proportion of the land for Commercial Use and Residential Use, the relevant permits relating to construction and pre-sale should be issued separately for the respective commercial and residential portions of the Mixed-use Land, and separate land use right certificates are issued specifically for "commercial" or "residential" use for specific part of the Mixed-use Land (but not for commercial-residential mixed use or in the manner similar to that for the Zhong An Times Square (Phase II)). We are advised by the management of the Group that necessary due diligence work will be done by the Remaining Zhong An Group for every project relating to the development of a Mixed-use Land (in particular, it is set out in the Letter from the Board that the Group will ensure that the relevant tender conditions and the land use rights contract for acquisition of the Mixed-use Land will not include any mandatory development condition that may restrict or prevent the Group from designing, planning and developing the Mixed-use Land with separate land titles for the residential and commercial portions thereof) and if the relevant land use rights could not be separated into a commercial portion and a residential portion and the land use rights certificated cannot be issued specifically for commercial or residential use, such as development involving a residential complex set above a commercial podium, the Remaining Zhong An Group is not allowed under the Non-compete Undertakings to proceed with, and therefore will not proceed with, the Joint Development of such Mixed-use Land. The title and ownership of the commercial portion of the Mixed-use Land, according to the Development Mechanism, shall vest in the Participating Developer, while those of the residential portion of the Mixed-use Land shall vest in the Remaining Zhong An Group; and

(c) any Joint Development will not be proceeded with by way of establishment of a joint venture company but will be carried out in form of cooperation agreement to be reached by the Remaining Zhong An Group and the Participating Developer (which may or may not include the CNC Group), specifying the relevant terms and conditions to be determined by the parties after negotiation and on a project-by-project basis (including but not limited to the respective roles, responsibilities, benefits and liabilities of each party; in particular, the Remaining Zhong An Group and the Participating Developer will (i) be responsible for, and bear all costs, expenses and any liabilities relating to, the construction, development and sale of the residential portion (for case of the Remaining Zhong An Group) and the commercial portion (for the case of the Participating Developer) of the Mixed-use Land respectively, and (ii) be entitled to all incomes deriving from the residential portion (for case of the Remaining Zhong An Group) and the commercial portion (for the case of the Participating Developer) of the Mixed-use Land respectively). Any cooperation agreement between the Remaining Zhong An Group and the Participating Developer (which may or may not include the CNC Group), including the terms and conditions thereof, should be subject to approval by the independent board committee of the Company on a project-by-project basis after taking into account factors, among others, the expected return and risk profile of the Remaining Zhong An Group under the Joint Development, the experience (including previous experience in commercial property development projects) of each candidate of the Participating Developer, the fairness and reasonableness of the terms and conditions of the proposal offered by each Participating Developer in relation to the Joint Development, and whether it is in the interests of the Company and its Shareholders as a whole to accept any such proposal.

It is also set out in the Letter from the Board that if the CNC Group is eligible and has been invited by the Remaining Zhong An Group to participate in the Joint Development, the CNC Group may only proceed with the Joint Development (a) by complying with the applicable requirements under Chapter 14A of the Listing Rules by the CNC Group; and (b) if the proposed participation of the CNC Group as the Participating Developer, together with the terms of conditions in relation thereto, is approved by the independent board committee of China New City after taking into account factors, among others, the expected return and risk profile of the CNC Group under the Joint Development, the fairness and reasonableness of the terms and conditions of its proposed participation in the Joint Development, and whether it is in the interests of the CNC Group and the shareholders of China New City as a whole to participate in the Joint Development. In addition, except for the Excluded Business (as confirmed by the Directors, being (i) the development and sale of any land or properties in relation to the joint property development or mixed commercial-residential use land projects pursuant to the Joint Development; (ii) the provision of property management services to the mixed commercial-residential properties from time to time owned and/or developed by the Remaining Zhong An Group or the CNC Group, and the provision of property management services to the CNC Group by Zhong An Management pursuant to the Property Management Agreement for the Hidden Dragon

Bay project; (iii) the existing investment by the CNC Group in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement; and (iv) any direct or indirect investment by the CNC Group and/or its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) (the CNC Group and such associates collectively referred to as the "**CNC Group and Relevant Associates**") in the shares of a publicly listed company (excluding the Company and any other member of the Remaining Zhong An Group) whereby the CNC Group and Relevant Associates do not hold more than 5% in total of the entire issued share capital of that company, none of them will be the single largest shareholder of that company or will be involved in the operation and management of that company and/or its subsidiaries) and other than its participation in a Joint Development as Participating Developer according to the Development Mechanism, the CNC Group will not engage in the property development of any Mixed-use Land.

We have discussed with the management of the Group and understand that the Development Mechanism/the Joint Development as explained in details in the Letter from the Board will be established for the purposes of enhancing the delineation of the respective businesses of the Remaining Zhong An Group (for development and sale of residential properties) and the CNC Group (for development and sale of commercial properties), and to avoid any competition between the two groups in respect of the acquisition and development of any Mixed-use Land as the CNC Group will not engage in the property development of any Mixed-use Land unless it is invited by the Remaining Zhong An Group to participate as Participating Developer in the Joint Development led by the Remaining Zhong An Group. In other words, the Remaining Zhong An Group, subject to approval by the independent board committee of the Company on a project-by-project basis after taking into various factors and the mechanism relating to the Joint Development under the Non-compete Undertakings, will have own initiative as to whether to participate in the acquisition and development of a Mixed-use Land by inviting Participating Developer(s) and as to whether the CNC Group will be invited as a Participating Developer. With regard to the restriction (the "**Relevant Restriction**") that the Remaining Zhong An Group cannot proceed with the development of any Mixed-use Land if the relevant land use rights, certificates and permits cannot be separated into commercial portion/use and residential portion/use, it is set out in the Letter from the Board that among the 30 projects of the Group as of 31 December 2013, none of such projects involved any mandatory development condition imposed by the relevant government authority on the Group to develop a Mixed-use Land in a manner that the land use rights thereof could not be separated into a residential and a commercial portion, and only one project, namely Zhong An Times Square (Phase II), had been designed and planned by the Group to such effect. In addition, we would like to draw the Shareholders' attention to (i) the reasons for, benefits of and fund to be raised from the Proposed Spin-off as discussed in the above paragraphs headed "2. Reasons for and benefits of the Proposed Spin-off" and "3. Fund to be raised and intended use of net proceeds from the Global Offering" (in particular, the separate listing of China New City will provide separate fund raising platforms for the Remaining Zhong An Group and the CNC Group, and the estimated net proceeds of about HK$2,004.5 million (being the mid-point of the expected net proceeds from the Global Offering which is subject o the final determination of the terms of the Global Offering) will be applied to finance the development of the CNC Group); and (ii) it is a common practice for an listing applicant and its controlling shareholders to enter into non-compete undertakings before the commencement of the listing of the listing applicant's shares in Hong Kong in order to avoid potential competition between the listing applicant and its controlling shareholders in future. We have discussed with and have been advised by the management of the Group that although under the Non-compete Undertakings, the Remaining Zhong An Group cannot further pursue development of Mixed-use Land if the relevant land use rights, certificates and permits cannot be separated into commercial portion/use and residential portion/use, the Proposed Spin-off can offer an opportunity for the Group to have another listed platform for clear delineation of the commercial property development and investment of the CNC Group from the residential property development and investment of the Remaining Zhong An Group, the benefits of which should outweigh the possibility that an investment opportunity for a Mixed-used Land that could not be separated into residential and commercial portions/uses, which was not common as considered by the Directors based on the Group's experience in developing the 30 projects of the Group as of 31 December 2013. We would like to further draw the Shareholders' attention to our overall recommendation in relation to the Proposed Spin-off as a whole as set out in the following section headed "Analysis and recommendation". On the basis mentioned above, we concur with the view of the Directors that such arrangement to be established for the purpose of avoiding competition from the CNC Group in respect of the Remaining Zhong An Group's proposed acquisition and development of any Mixed-use Land (with participation of the Participating Developer(s) (which may or may not include the CNC Group) on terms and conditions acceptable to the Remaining Zhong An Group) is in the interest of the Remaining Zhong An Group and the Shareholders as a whole.

With regard to the invitation and assessment of the CNC Group and the third party developers as the Participating Developers, we notice that the issues will be considered and approved by the independent board committee of the Company on a project-by-project basis and after taking into account various factors (the "**Assessment Factors**"), among others, the expected return and risk profile of the Remaining Zhong An Group under the Joint Development, the experience (including previous experience in commercial property development projects) of each candidate of the Participating Developer, the fairness and reasonableness of the terms and conditions of the proposal offered by each Participating Developer in relation to the Joint Development, and whether it is in the interests of the Company and its Shareholders as a whole to accept any such proposal. We are advised by the management of the Group that (i) all members of the independent board committee should not have any interest in any candidates of Participating Developers (which may or may not include the CNC Group) and/or the Joint Development, or if any member of the independent board committee of the Company has any interest in any such candidates of Participating Developers and/or the Joint Development, he/she should abstain from voting in respect of the invitation and assessment of the candidates of the Participating Developers; and (ii) written proposals should be prepared by each candidate of the Participating Developer in respect of the Joint Development and written assessment reports should be prepared by the management of the Zhong An Remaining Group, setting out results of analysis of the Assessment Factors for consideration by the independent board committee. On that basis, we concur with the view of the Directors that the mechanism under the Joint

Development, including the invitation and assessment of candidates of Participating Developers which will be proceeded with subject to the approval of the independent board committee members on a project-by-project basis and after taking into account the Assessment Factors, when effectively implemented, is in the interest of the Remaining Zhong An Group.

Corporate governance measures for the compliance and enforcement of the Non-compete Undertakings

It is set out in the Letter from the Board that a number of corporate governance measures will be adopted by the Company for the purpose of managing any potential or actual conflict of interests between the Remaining Zhong An Group and the CNC Group in relation to the compliance and enforcement of the Non-compete Undertakings. We notice that such measures include the followings:

(a) the review, at least on an annual basis, by the independent non-executive Directors with regard to the compliance with and enforcement of the Non-compete Undertakings by the CNC Group, and relevant disclosure will be made in the corporate governance report of the Company's annual report;

(b) the decisions on such matters relating to compliance and enforcement of the Non-compete Undertakings (which include those decisions on matters in relation to development on a Mixed-use Land) as reviewed by the independent non-executive Directors will also be disclosed by the Company either through the annual report or by way of announcement of the Company;

(c) with regard to the compliance with the mechanism for the development of Mixed-use Lands, each of the Company and China New City will undertake to each other that it must, in respect of each of its financial year ending after the Listing, instruct its auditors or independent financial advisers to review such documents as the auditors or independent financial advisers may require and confirm to its board of directors as to whether the Development Mechanism/Joint Development had been complied with during the financial year under review; in addition, each of the Company and China New City will disclose any relevant findings by its auditors and/or independent financial advisers in the corporate governance report of its annual report;

(d) any decision to be made by the Remaining Zhong An Group in relation to the mechanism for the Joint Development on Mixed-use Lands will be subject to the approval by the independent board committee of the Company, and China New City will also undertake to the Company that it will provide the Company with all information necessary for its independent board committee to make the decisions relating to the Joint Development (such decisions will be published in the annual report of the Company).

We consider that the above corporate governance measures, which are similar to those annual review requirements relating to continuing connected transactions under Chapter 14A of the Listing Rules, when effectively implemented by the Company and China New City, would help to monitor the compliance and enforcement of the Non-compete Undertakings (including but not limited to the Development Mechanism and the Joint Development of the Mixed-use Lands) and is therefore in the interest of the Remaining Zhong An Group.

Directorship of the Remaining Zhong An Group and the CNC Group

As detailed in the Letter from the Board, following completion of the Proposed Spin-off, the Company and the CNC Group will have separate boards of directors that will function independently of each other. Details of the board composition are set out in the Letter from the Board.

We note that, before completion of the reorganization for the purpose of the Proposed Spin-off, Ms Jin Ni, one of the executive directors of China New City, has performed the role of vice president of the Group and was in charge of the strategic development, business management and operation of the commercial projects and properties of the Group. Ms Jin will cease to take any managerial or directorial positions in the Remaining Zhong An Group upon completion of the Proposed Spin-off. We consider that such arrangement is appropriate as Ms Jin, who is an executive director of China New City, has been responsible for the Group's commercial projects and properties which is now the core property focus of the CNC Group.

We also note that Mr Shi Kancheng will be the only overlapping director of the Company (where the Board comprises a total of seven Directors) and China New City (which has a total of seven directors) following completion of the Proposed Spin-off. Mr Shi is and will remain as an executive Director, chairman and chief executive officer of the Company immediately before and upon completion of the Proposed Spin-off. He is a non-executive director and chairman of China New City and will not be involved in the day-to-day business operations and management of the CNC Group. It is set out in the Letter from the Board that save as disclosed, it is expected that there will be no overlapping of the management teams between the Group and the CNC Group upon completion of the Proposed Spin-off.

In view of the above, we concur with the Directors that the respective boards of directors of the Company and China New City will function independently of each other following completion of the Proposed Spin-off.

Indemnities

As mentioned in the Letter from the Board, the Company and Ideal World (a direct wholly-owned subsidiary of the Company) will provide certain indemnities in favour of the CNC Group in connection with, among other things, any liability for Hong Kong estate duty and any taxation that might be payable by any member of the CNC Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing

Date. The Company and Ideal World will also undertake to China New City that they will indemnify and at all times keep the CNC Group fully indemnified from any depletion in or reduction in value of its assets or any loss, cost, expenses, damages or other liabilities which any member of the CNC Group may incur or suffer arising from or in connection with the implementation of the reorganization in connection with the Proposed Spin-off and any non-compliance or alleged non-compliance by the CNC Group with any applicable PRC laws and regulations as referred to in the CNC Prospectus before the Listing Date.

Underwriting agreements, lock up restrictions and stock borrowing arrangements

As with other spin-off precedents in Hong Kong, the Company and Ideal World (a direct wholly-owned subsidiary of the Company), in their capacity as the CNC Controlling Shareholders, will enter into underwriting agreements and (for the case of Ideal World) stock borrowing agreement in relation to the Global Offering. Each of the CNC Controlling Shareholders, including the Company and Ideal World, will be subject to restrictions under Rule 10.07 of the Listing Rules and it is also expected that the CNC Controlling Shareholders (including the Company and Ideal World), will enter into similar non-disposal arrangements with the Underwriters under the Hong Kong Underwriting Agreement and the International Underwriting Agreement.

Preferential Offering and Assured Entitlements

According to PN15, in the case of a separate listing, assured entitlements to shares in the spun-off entity are expected to be provided to existing shareholders of the parent company. As set out in the Letter from the Board, in accordance with the Preferential Offering under the current proposed structure of the Proposed Spin-off, it is expected that the Qualifying Shareholders will be invited to apply for Reserved Shares, on the basis of an Assured Entitlement of 20 Reserved Share for every whole multiple of 1,000 Shares held by the Qualifying Shareholders as at 4:30 p.m. on the Record Date, provided that any Qualifying Shareholder holding less than 1,000 Shares at 4:30 p.m. on the Record Date will not be entitled to apply for any Reserved Share.

Subject to the Listing Committee granting approval for the listing of and permission to deal in, the CNC Shares in issue and to be issued under the Global Offering and the Capitalization Issue, under the current structure of the Proposed Spin-off, it is expected that an aggregate of up to 47,352,700 Reserved Shares, representing approximately 10.1% of the Offer Shares initially available under the Global Offering and approximately 2.7% of the total CNC Shares in issue immediately following completion of the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised), will be available for application by the Qualifying Shareholders in the Preferential Offering on the above basis of the Assured Entitlements.

As a comparison, we have, to our best effort, identified and reviewed, so far as we are aware and considered to be exhaustive, 14 spin-off cases (not including those spin-off and listing by way of introduction) on the Main Board of the Stock Exchange with assured entitlements completed since 2010 up to the Latest Practicable Date performed by Hong Kong listed companies, details of which are set out as follows:

Prospectus date	Company name (Stock code)	Number of reserved shares/share stapled units	Number of offer shares/ share stapled units	Assured entitlement as a percentage of number of shares/share stapled units offered	Market capitalization *(Note 1)* *(HK$ million)*
10 September 2010	Magic Holdings International Limited (1633 HK)	8,011,700	200,000,000	4.0%	1,920
17 September 2010	Ford Glory Group Holdings Limited (1682 HK)	21,281,983	118,000,000	18.0%	219
28 September 2010	Kosmopolito Hotels International Limited (2266 HK)	28,626,000	540,000,000	5.3%	4,080
8 November 2010	CITIC Dameng Holdings Limited (1091 HK)	75,000,000	750,000,000	10.0%	6,300
8 December 2010	PAX Global Technology Limited (327 HK)	1,770,024	319,200,000	0.6%	2,530
21 June 2011	Newton Resources Limited (1231 HK)	40,000,000	1,000,000,000	4.0%	7,000
30 June 2011	1010 Printing Group Limited (1127 HK)	12,531,836	125,000,000	10.0%	350
16 November 2011	HKT Trust and HKT Limited (6823 HK)	616,007,000 *(Note 2)*	2,053,354,000	30.0% *(Note 2)*	29,068
30 December 2011	Allied Cement Holdings Limited (1312 HK)	16,500,000	165,000,000	10.0%	660
28 June 2012	Qualipak International Holdings Limited (1332 HK)	8,625,999	14,375,999	60.0%	229
16 May 2013	Langham Hospitality Investments and Langham Hospitality Investment Limited (1270 HK)	42,608,000	852,174,000	5.0%	9,300
28 November 2013	Excel Development (Holdings) Limited (1372 HK)	5,000,000	50,000,000	10.0%	200
6 December 2013	Kerry Logistic Network Limited (636 HK) *(Note 3)*	722,136,614 *(Note 3)*	216,071,500	N/A *(Note 3)*	14,585
16 January 2014	HK Electric Investments and HK Electric Investments Limited (2638 HK)	533,565,500	4,426,900,000	12.1%	48,157
Minimum:				0.6% *(Note 3)*	200
Maximum:				60.0% *(Note 3)*	48,157
Mean:				13.8% *(Note 3)*	
Median:				10.0% *(Note 3)*	
China New City				**10.1%**	**7,126**

Source of information on the comparable spin-off cases: Extracted from the relevant announcements, circulars and/or prospectuses of the respective companies

Notes:

(1) (i) Market capitalization (the "**Global Offering Market Capitalization**") of the comparable companies extracted from their respective listing documents were based on their minimum offer prices and assuming no exercise of over-allotment options (if any).

(ii) As set out in the Letter from the Board, based on the current proposed structure of the Proposed Spin-off and the Global Offering and the unaudited combined net assets of the CNC Group as at 31 December 2013, the estimated minimum market capitalization of China New City shall be approximately HK$7,126 million.

(2) Up to a total of 616,007,000 share stapled units (representing approximately 30% of the share stapled units initially available under the global offering of the share stapled unites) offered by HKT Trust and HKT Limited under the preferential offering include (i) 207,780,000 share stapled units (representing approximately 10% of the share stapled units initially available under the global offering of the share stapled unites) offered to the qualifying shareholders of PCCW Limited as assured entitlement, and (ii) up to an additional 408,227,000 share stapled units (representing approximately 20% of the offer share stapled units initially available under the global offering of the share stapled units) made available to qualifying shareholders of PCCW Limited who applied for more than their assured entitlement to satisfy their application for the excess reserved share stapled units.

(3) As set out in the listing document of Kerry Logistic Network Limited ("KLN"), the parent company of KLN provided its qualifying shareholders with an assured entitlement to the shares of KLN by way of a distribution in specie of those 722,136,614 shares of KLN to them, which is different from the other spin-off cases listed above and the spin-off of China New City where their respective parent companies' shareholders were/will be invited to apply for reserved shares. Accordingly, the assured entitlement by way of distribution in specie of KLN shares has not been taken into account in the analysis.

Given the spin-off cases listed in the above table (excluding Kerry Logistic Network Limited) (the "**Comparable Spin-offs**") are spin-off cases on the Main Board of the Stock Exchange with assured entitlements completed since 2010 and up to the Latest Practicable Date performed by Hong Kong listed companies by inviting their respective parent companies' shareholders to apply for reserved shares, we consider that it is reasonable to make reference to the assured entitlements provided to the then existing shareholders of their respective parent companies. We note that the percentage of shares/share stapled units initially being offered as assured entitlements of the Comparable Spin-offs ranged from approximately 0.6% to 60.0% with median of approximately 10.0%, while the Assured Entitlements of approximately 10.1% (equal to the maximum number of Reserved Shares available in the Preferential Offering under the current proposed structure of the Proposed Spin-off divided by the number of Offer Shares initially available under the Global Offering as advised by the management of the Group) is (i) within the range of the assured entitlements related to the Comparable Spin-offs from approximately 0.6% to 60.0%; and (ii) comparable with the assured entitlement median of the Comparable Spin-offs of approximately 10.0%. Furthermore, if we focus on the more recent Comparable Spin-offs, being three Comparable Spin-offs announced in 2013 and 2014 (up to the Latest Practicable Date), we notice that the Assured Entitlement of approximately 10.1% also (a) lies within the range of assured entitlements offered under these three recent Comparable Spin-offs from approximately 5.0% to 12.1%, and (b) is higher than the assured entitlements offered under two out of these three recent Comparable Spin-offs.

If the size of market capitalization at the time of global offering (calculated based on the minimum offer price and initial number of offer shares offered under the global offering of each Comparable Spin-off) is also taken into account, we would like to focus on those Comparable Spin-offs with Global Offering Market Capitalization ranged from approximately HK$3,563 million to approximately HK$14,252 million, representing 50% and 200%, respectively, of the CNC Estimated Market Capitalization of approximately HK$7,126 million. As shown in the above table, four Comparable Spin-offs with Global Offering Market Capitalization lied within the specified range, namely (i) Kosmopolito Hotels International Limited, (ii) CITIC Dameng Holdings Limited, (iii) Newton Resources Limited, and (iv) Langham Hospitality Investments and Langham Hospitality Investment Limited. The Assured Entitlements of approximately 10.1% is in line with the assured entitlement relating to the spin-off of CITIC Dameng Holdings of 10%, and are higher than the assured entitlements regarding the spin-offs of the three other Comparable Spin-offs from 4.0% to 5.3%.

With regard to the preferential entitlement relating to the spin-off of HKT Trust and HKT Limited of approximately 30.0%, (a) 10.0% was offered as assured entitlement to the qualifying shareholders of PCCW Limited, and (b) 20.0% would only be available for the purpose of satisfying excess application for reserved share stapled units offered for assured entitlement (as mentioned in (a) above) by qualifying shareholders of PCCW Limited who applied for more than their assured entitlement, but there would be no guarantee that all such excess application for reserved share stapled units would be satisfied in full. In fact, we notice that among the Comparable Spin-offs, only the global offering of HKT Trust and HKT Limited was proceeded with by offering both assured entitlement and preferential offering arrangement in respect of application in excess of assured entitlement. On that basis, we consider that it is acceptable for the Proposed Spin-off to be conducted by offering Assured Entitlements only but no preferential offering arrangement in respect of any application in excess of the Assured Entitlements.

Having considered the factors stated above, we consider the percentage of the Offer Shares reserved for the application in the Preferential Offering as Assured Entitlements to be acceptable.

It is set out in the Letter from the Board that any Overseas Shareholder whose name appears in the branch register of members of the Company in Hong Kong at 4:30 p.m. on the Record Date and whose address as shown in such register is in a Non-Qualifying Jurisdiction will not be entitled to apply for the Reserved Shares under the Preferential Offering, and that as at the Latest Practicable Date, there was one Overseas Shareholder with address in the PRC. In accordance with Rule 13.36(2) of the Listing Rules, the Company has made enquiries regarding the legal restrictions under the applicable securities legislation of the PRC, and (if required) will make further enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdiction(s) of any Overseas Shareholder(s) whose name(s) appear(s) in the branch register of members of the Company as at 4.30 p.m. on the Record Date. It is also detailed in the Letter from the Board that the Board, after considering the circumstances, considers it necessary or expedient to restrict the ability of the Overseas Shareholder in the PRC to take up such Overseas Shareholder's Assured Entitlements to the Reserved Shares under the Preferential Offering (if such Overseas Shareholder remains as a Shareholder as at 4:30 p.m. on the Record Date) due to the time and costs involved in the filing of the CNC Prospectus and/or approval required by the relevant authorities in the PRC and/or additional steps which would be necessary to comply with the relevant local or regulatory requirements in the PRC. With regard to Overseas Shareholder(s) with address(es) in jurisdiction(s) other than the PRC, if any, the Directors will, based on further enquiries regarding the legal restrictions under the applicable securities legislation of the other relevant jurisdiction(s), consider whether the exclusion of any such Overseas Shareholder(s) from the Preferential Offering to be necessary or expedient on account either of the legal restrictions under the laws of, or the requirements of the relevant regulatory bodies or stock exchanges in, the relevant jurisdiction(s). Non-Qualifying Shareholder will not be entitled to apply for any Reserved Shares under the Preferential Offering.

After taking into account, in particular, (i) the Preferential Offering with Assured Entitlements which allows the Qualifying Shareholders to have the opportunity to subscribe for the Reserved Shares on an assured basis at the Offer Price and subject to the terms and conditions stated in the CNC Prospectus; and (ii) the percentage of the Offer Shares reserved for application as Reserved Shares in the Preferential Offering as Assured Entitlements is (ii.a) within the relevant range of those of the Comparable Spin-offs and is comparable with the median of those of the Comparable Spin-offs, (ii.b) within the relevant range of the assured entitlements offered under the three more recent Comparable Spin-offs announced in 2013 and 2014 (up to the Latest Practicable Date) and higher than the assured entitlements offered under two out of these three recent Comparable Spin-offs, and (ii.c) when compared with the assured entitlements of four Comparable Spin-offs with Global Offering Market Capitalization ranged from 50% to 200% of the CNC Estimated Market Capitalization of approximately HK$7,126 million, in line with the assured entitlement offered under one Comparable Spin-off and higher the assured entitlements offered under the other three Comparable Spin-offs, we consider the Preferential Offering to be acceptable when the Shareholders are concerned as a whole. It should be noted that it is not within our terms of reference to advise the Qualifying Shareholders as to whether or not to participate in the Preferential Offering. In this regard, the Qualifying Shareholders are recommended to consult their own professional advisers and refer to the information contained in the Circular and the CNC Prospectus to be issued in due course.

5. Financial impact of the Proposed Spin-off on the Group

China New City is currently a wholly-owned subsidiary of the Company. Based on the current proposed structure of the Proposed Spin-off, China New City will continue to be an indirect non-wholly owned subsidiary of the Company immediately after completion of the Global Offering and the Capitalization Issue, and the operating results of the CNC Group will continue to be consolidated into the consolidated financial statements of the Group.

Financial position and earnings of the Group

Following completion of the Proposed Spin-off, contribution from the CNC Group towards both the Group's consolidated net asset value and earnings attributable to the Shareholders after taking into account non-controlling interest will reduce as the Company's shareholding interest in China New City will decrease from 100% to (i) approximately 73.1% as a result of completion of the Global Offering and assuming that no Over-allotment Option is exercised, (ii) approximately 70.2% as a result of completion of the Global Offering and exercise of the Over-allotment Option in full.

As set out in the Letter from the Board, based on (a) the number of Offer Shares, (b) the current proposed structure of the Global Offering, and (c) the unaudited combined net assets of the CNC Group as at 31 December 2013, the CNC Estimated Market Capitalization will be approximately HK$7,126 million (assuming the Over-allotment Option is not exercised). It is expected by the Board that the consolidated net assets of the Group will be increased by approximately RMB823.6 million (i.e. Increase in Net Asset as defined in the Letter from the Board) as a result of the issue of CNC Shares at an issue price above their attributable underlying combined net asset value under the Global Offering. In addition, the consolidated cash balance of the Group will be increased by the net proceeds from the Global Offering (the "**Increase in Cash Balance**"). As set out in the Letter from the Board, the directors of China New City estimate that the net proceeds from the issue of new CNC Shares under the Global Offering (after deduction of underwriting fees and estimated expenses payable by China New City in connection with the Global Offering) will be approximately HK$2,004.5 million (being the mid-point of the expected net proceeds from the Global Offering which is subject to the final determination of the terms of the Global Offering). However, it should be noted that the Increase in Net Asset and Increase in Cash Balance of the Group are estimated based on a number of assumptions, including (among others) the CNC Estimated Market Capitalization, and has not taken into account the financial position of the CNC Group after 31 December 2013. Accordingly, the actual changes to the consolidated net asset value and cash balance of the Group upon successful spin-off of China New City, which shall be calculated by reference to the financial position of the CNC Group at the time of completion of the Global Offering, may be different from the Increase in Net Assets and Increase in Cash Balance of the Group as mentioned in the Letter from the Board and stipulated above. As further set out in the Letter from the Board, in accordance with the Hong Kong Financial Reporting Standards, the Increase in Net Assets are accounted for within equity, thus no gain or loss will be recognized in the consolidated income statement of the Company as a result of the deemed disposal by the Company of interest in China New City under the Global Offering as China New City will remain as an indirect non-wholly owned subsidiary of the Company immediately upon completion of the Proposed Spin-off and the Global Offering.

As the shareholding interest of the Company in China New City will decrease from the current level of 100% to (i) approximately 73.1% as a result of completion of the Global Offering and assuming that no Over-allotment Option is exercised, (ii) approximately 70.2% as a result of completion of the Global Offering and exercise of the Over-allotment Option in full, assuming that all other factors remaining unchanged, both the financial results attributable to non-controlling interests and the non-controlling interests in the equity of the Group will increase after completion of the Proposed Spin-off and the Global Offering. Notwithstanding such increases in non-controlling interests after the Proposed Spin-off and the Global Offering, on the basis that the Proposed Spin-off, as expected by the Group based on the current proposed structure of the Proposed Spin-off and the Global Offering, will result in the raising of net proceed of approximately HK$2,004.5 million (being the mid-point of the expected net proceeds from the Global Offering which is subject to the final determination of the terms of the Global Offering), which in turn will lead to an increase in the consolidated net assets of the Group by approximately RMB823.6 million and an increase in the consolidated cash balance of the Group by the net proceeds from the Global Offering, we are of the view that the terms of the Proposed Spin-off are fair and reasonable.

Working capital of the Group

As mentioned in the Letter from the Board and replicated above, immediately following completion of the Proposed Spin-off and the Global Offering, the consolidated cash balance of the Group will increase by the net proceeds from the Global Offering. On that basis, the working capital of the Group will increase accordingly. As confirmed by the Directors, they do not expect any material change in loans and borrowings of the Group as a result of the Proposed Spin-off and the Global Offering. On the basis that there will not be any material change in loans and borrowings of the Group and the consolidated cash position/working capital of the Group will increase upon completion of the Proposed Spin-off and the Global Offering as expected by the Directors, the gearing ratio of the Group is expected to decrease upon completion of the Proposed Spin-off and the Global Offering. On the basis of the above, we are of the view that the terms of the Proposed Spin-off are fair and reasonable.

6. Valuation of the CNC Group

The CNC Group is currently a pure play commercial property developer for commercial property in the PRC. In analyzing the valuation of a property developer, price-to-book ratio ("**PBR**") is commonly used.

As set out in the Letter from the Board, the unaudited combined net assets after deducting non-controlling interests of the CNC Group as at 31 December 2013 amounted to approximately RMB2,326.4 million.

Based on (i) the CNC Estimated Market Capitalization of approximately HK$7,126 million under the current proposed structure of the Global Offering and (ii) the unaudited combined net assets after deducting non-controlling interests of the CNC Group of approximately RMB2,326.4 million as at 31 December 2013 (equivalent to approximately to HK$2,929.1 million, being translated at the central parity rate of RMB0.79425: HK$1 issued by The People's Bank of China on 30 April 2014 (the last day of the calendar month immediately preceding the Latest Practicable Date)), the PBR of the CNC Group is approximately 2.43 times ("**CNC PBR**"). The exact historical PBR of the CNC Group will vary depending on, among others, the final offer price and the final number of new CNC Shares issued under the Global Offering.

In order to assess the fairness and reasonableness of the valuation of the CNC Group as represented by the CNC Estimated Market Capitalization, we have identified companies ("**Comparable Companies**") which:

(i) are solely engaged in development of and/or investment in non-residential properties in the PRC as their principal activities;

(ii) have their shares listed on the Stock Exchange; and

(iii) have their market capitalization as at 30 April 2014, being the last trading day of the calendar month immediately preceding the Latest Practicable Date, within a range of one-half to two times the CNC Estimated Market Capitalization.

We consider this is a reasonable approach to identify sufficient number of samples of the Comparable Companies and with their respective size and principal activities comparable to the CNC Group, which is currently engaged in property development of and investment in commercial property solely in the PRC. We believe the Comparable Companies are fair, representative and exhaustive samples, but the Shareholders should note that our comparisons with the Comparable Companies are only for general reference purpose given that the particulars of the business and financial aspects and prospects of the Comparables may not be exactly identical to those of the CNC Group.

The table below illustrates the comparison of the historical PBR of the Comparable Companies:

Company Name	Stock Code	Principal activities[1]	Market capitalization as at 30 April 2014(Note 1) Column (A)	Consolidated equity of the group attributable to the company's/ parent's owners(Note 2) Column (B)	PBR(Note 3)
Hutchison Harbour Ring Ltd.	715	Property investments in Mainland China and earns rental income	HK$5,291.2 million	HK$6,100.8 million	0.87
Renhe Commercial Holdings Co. Ltd.	1387	Development, lease and management of shopping mall	HK$9,410.9 million	HK$25,330.9 million	0.37
Wuzhou International Holdings Ltd.	1369	Development and operation of multi-functional commercial complexes	HK$6,285.6 million	HK$4,403.8 million	1.43
Minimum:					0.37
Maximum:					1.43
Mean:					0.89
Median:					0.87
China New City (based on the CNC Estimated Market Capitalization and unaudited combined net assets after deducting non-controlling interests of the CNC Group as at 31 December 2013)					**2.43**

Notes:

(1) Source: The Stock Exchange, Investment Service Centre, as at 30 April 2014.

(2) The figures are extracted from the latest published annual reports/results announcements of the respective Comparable Companies and converted to Hong Kong dollars (in case shown in Renminbi) at the rate of RMB0.79425: HK$1, being the central parity rate issued by The People's Bank of China on 30 April 2014.

(3) The PBR of the Comparable Companies are calculated based on their consolidated equity attributable to equity holders (i.e. Column (B)) and their market capitalization as at 30 April 2014 (i.e. Column (A)).

As illustrated by the above table, the historical PBRs of the Comparable Companies ("**Comparable PBRs**") range from 0.37 to 1.43 times, with the mean and the median being approximately 0.89 and 0.87 times respectively.

The valuation report on the CNC Group's properties as of 28 February 2014 has been published and set out in Appendix II to the Circular. We have noticed from the Letter from the Board that based on the valuation, and the unaudited net book value, of the CNC Group's property interests as of 28 February 2014, there would be a net valuation surplus of approximately RMB9,765.2 million (the "**Valuation Surplus**"). We have discussed with the management of the Group and the Company's auditors and understand that according to the International Financial Reporting Standards, (i) the CNC Group's properties under development as well as completed properties held for sale are stated at lower of cost and net realizable value (with regard to the completed properties held for sale, being determined by taking into account the selling price, less estimated costs to be incurred in selling the properties based on prevailing market conditions); and (ii) the investment properties of the CNC Group are stated in the CNC Group's financial statements at fair values as at the end of financial reporting period, which are determined based on the appraised market values by independent professional valuers, and any gains or losses arising from changes in the fair values during the period are recorded as fair value gains or losses on investment properties. We have also been advised by the management of the Group that (i) all valuation surplus relating to the CNC Group's investment properties up to and including 31 December 2013 has been taken into account in deriving the CNC Group's unaudited combined net assets after deducting non-controlling interests of approximately RMB2,326.4 million, (ii) the valuation of the CNC Group's investment properties as at 28 February 2014 decreased by an insignificant amount of approximately RMB1.0 million as compared with their valuation as at 31 December 2013; and (iii) the Valuation Surplus of RMB9,765.2 million, after taking into account the decrease in the CNC Group's investment properties by approximately RMB1.0 million during the two months ended 28 February 2014, related to the CNC Group's property interests in properties other than investment properties, and according to International Financial Reporting Standards mentioned above, the Valuation Surplus would not be taken into account in deriving the net assets value of the CNC Group. Having taken into account the above accounting treatment relating to CNC Group's property interests (in particular the accounting treatment relating to the investment properties) and the representation from the management of the Group that the valuation of the CNC's investment properties decreased by an insignificant amount of approximately RMB1.0 million during the two-month period ended 28 February 2014, we consider that there would be no impact on our above analysis relating to the CNC PBR and the comparison thereof with the PBRs of the Comparable Companies.

Having considered that the CNC PBR of 2.43 times indicates that the deemed disposal of equity interest in China New City by the Company by way of the Proposed Spin-off will proceed at a premium over the unaudited combined net assets after deducting non-controlling interests of the CNC Group as at 31 December 2013, and the CNC PBR of 2.43 times (i) is higher than all of the Comparable PBRs from 0.37 to 1.43 times; and (ii) is above both the mean and the median of the Comparable PBBs, we consider that the CNC Estimated Market Capitalization of approximately HK$7,126 million under the current proposed structure of the Global Offering which give rise to the CNC PBR of 2.43 times, if materialized, is in the interest of the Company and the Shareholders as a whole. However, Shareholders should note that the exact historical PBR of the CNC Group will vary depending on, among others, the final offer price and the final number of new CNC Shares issued under the Global Offering.

Shareholders should however also note that the comparison of the CNC PBR with the Comparable PBRs is for general reference purpose only given that the particulars of the business and financial aspects and prospects of the Comparable Companies may not be exactly identical to those of the CNC Group.

7. Conditions of the Proposed Spin-off

As set out in the section headed "Conditions of the Proposed Spin-off" of the Letter from the Board, the Proposed Spin-off will be conditional upon, among others, the following:

(1) the Shareholders passing an ordinary resolution by way of poll at the EGM approving the implementation of the Proposed Spin-off;

(2) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the CNC Shares in issue and to be issued pursuant to the Global Offering (including any additional shares which may be issued pursuant to the exercise of the Over-allotment Option) and the Capitalization Issue; and

(3) the terms and structure of the Global Offering having been agreed among the Company, Ideal World, China New City and the Sole Global Coordinator.

If any of the above and other applicable conditions are not satisfied or waived, if applicable, prior to the dates and times to be specified, or if the Board decides not to proceed with the Proposed Spin-off and the Global Offering, the Proposed Spin-off will not proceed. We have been advised by the Directors that, even if the Proposed Spin-off is approved by an ordinary resolution of the Shareholders passed at the EGM and the other outstanding conditions are fulfilled, the Proposed Spin-off and the Global Offering may not proceed if the Board then considers that proceeding with the Proposed Spin-off and the Global Offering would not be in the interests of the Company and Shareholders as a whole after considering the relevant factors, among others, the then prevailing stock market conditions and the demand for the CNC Shares under the Global Offering. Thus, there is no assurance that the Proposed Spin-off will be completed successfully or at all. Shareholders should therefore exercise caution when dealing in the Shares.

ANALYSIS AND RECOMMENDATION

As mentioned in the paragraph headed "Financial impact of the Proposed Spin-off on the Group" above, following completion of the Proposed Spin-off, the contribution of the CNC Group towards both the consolidated earnings and net asset value attributable to the Shareholders after taking into account non-controlling interest will reduce as the Company's shareholding interest in China New City will decrease from 100% to (i) approximately 73.1% as a result of completion of the Global Offering and assuming that no Over-allotment Option is exercised, (ii) approximately 70.2% as a result of completion of the Global Offering and exercise of the Over-allotment Option in full. Notwithstanding such impacts, we notice that upon completion of the Global Offering and the Capitalization Issue, (1) China New City will continue to be an indirect non-wholly owned subsidiary of the Company, and the operating results of the CNC Group will continue to be consolidated into the consolidated financial statements of the Group; (2) based on the unaudited combined net assets of the CNC Group as at 31 December 2013, the current proposed structure of the Global Offer and other relevant assumptions set out in the Letter from the Board in replicated in the paragraph headed "Financial impact of the Proposed Spin-off on the Group" above, it is expected by the Board that the consolidated net assets of the Group will be increased by approximately RMB823.6 million as a result of the issue of CNC Shares at an issue price above their attributable underlying consolidated net asset value and the consolidated cash balance of the Group will be increased by the net proceeds from the Global Offering; in other words, it will have positive impact on the Group's financial position by then. In addition, the Company will continue to retain control of the CNC Group which is currently a pure play property developer for commercial properties in the PRC (in future, the CNC Group also plans to expand into the Expanded Businesses) and indirectly benefit from its future profits and growth on one hand, while the Remaining Zhong An Group will continue to have a substantial business in respect of the development of, sale of and investment in residential properties in the PRC on the other hand, after completion of the Proposed Spin-off.

Further, we consider that the Proposed Spin-off is a strategic move for the Group in realizing the value and potential of its commercial property business in the PRC carried out through the CNC Group, as well as an opportunity to raise funding for the CNC Group's existing and future property projects according to the intended plan of application of the net proceeds from the Global Offer as set out in the Letter from the Board and replicated in the above paragraph headed "Fund to be raised and intended use of net proceeds from the Global Offering", where such existing and future property projects, as confirmed by the Directors, should be in line with the principal business of the CNC Group. In addition, upon successful listing of the CNC Shares on the Stock Exchange, the CNC Group will possess a separate funding platform, hence each of the Remaining Zhong An Group and the CNC Group will be provided with financing flexibility to raise funds from the capital and debt markets independently and separately, and to reserve and deploy its own financial resources to fund its businesses and operations and/or other suitable investment opportunities. The opportunity to value the CNC Group's businesses on a stand-alone basis is also expected to attract new investors who are interested in the commercial properties in the PRC (and the Expanded Businesses in future) only but not in the commercial-residential mixed properties.

The Proposed Spin-off is expected to create a more defined business focus and flexibility by the adoption of separate business and financing strategies for each of the Remaining Zhong An Group and the CNC Group. The Company and China New City have separate board of directors and Mr Shi Kancheng will be the only overlapping director of the Company (where the Board comprises a total of seven Directors, and Mr Shi is its chairman, executive Director and chief executive officer) and China New City (which has a total of seven directors, and Mr Shi is its chairman and non-executive director and will not be involved in the day-to-day business operations and management of the CNC Group) following completion of the Proposed Spin-off. Mr Shi is and will remain as an executive Director, chairman and chief executive officer of the Company immediately before and upon completion of the Proposed Spin-off, and it is expected by the Directors that there will be no overlapping of the management teams between the Group and the CNC Group upon completion of the Proposed Spin-off. On that basis, the Company and China New City should be able to function independently of each other following completion of the Proposed Spin-off. Further, to enhance the delineation of businesses of the Group and the CNC Group and the avoid business competition in future, it is appropriate for the two groups to enter into the Non-compete Undertakings, the Land Acquisition Agreement, the Cooperation Agreement and the Pre-opening Management Agreement.

The maximum dilution of the Company's interest in the CNC Group is expected to be approximately 29.8% (assuming that the Over-allotment Option is exercised in full). We consider such level of dilution be acceptable after taking into account the benefits which may be derived from the Proposed Spin-off as discussed in this letter. Qualifying Shareholders will also have the opportunity to mitigate the effect of such dilution by subscribing, if they wish, for the Reserved Shares pursuant to the Preferential Offering on the basis of 20 Reserved Share for every whole multiple of 1,000 Shares held by the Qualifying Shareholders as at 4:30 p.m. on the Record Date. Based on the current proposed structure of the Global Offering, the aggregate of up to 47,352,700 Reserved Shares available for application in the Preferential Offering represent approximately 10.1% of the Offer Shares initially available under the Global Offering. We consider the relative size of the Preferential Offering to be reasonable in comparison with other recent spin-offs in Hong Kong.

Based on the CNC Estimated Market Capitalization of approximately HK$7,126 million under the current proposed structure of the Proposed Spin-off and the unaudited combined net assets after deducting non-controlling interests of the CNC Group of approximately RMB2,326.4 million (equivalent to approximately to HK$2,929.1 million, being translated at the rate of RMB0.79425: HK$1, the central parity rate issued by The People's Bank of China on 30 April 2014), the CNC PBR of is approximately 2.43 times (while the exact historical PBR of the CNC Group will vary depending on, among others, the final offer price and the final number of new CNC Shares issued under the Global Offering), which indicates that the deemed disposal of equity interest in China New City by the Company under the Proposed Spin-off will proceed at a premium over the unaudited combined net assets after deducting non-controlling interests of the CNC Group as of 31 December 2013 and is (i) higher than all of the Comparable PBRs and (ii) higher than the mean and median of the Comparable PBRs. We consider that the CNC Estimated Market Capitalization of approximately HK$7,126 million under the current proposed structure of the Global Offering which give rise to the CNC PBR of 2.43 times, if materialized, is in the interest of the Company and the Shareholders as a whole.

Having considered the principal factors and reasons stated above, we are of the opinion that the terms of the Proposed Spin-off are fair and reasonable insofar as the Company and the Shareholders are concerned as a whole and in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend the Shareholders, and we also recommend the Shareholders, to vote in favour of the resolution to be proposed at the EGM to approve the Proposed Spin-off.

Yours faithfully,
For and on behalf of
Celestial Capital Limited

Daphne Ng
Managing Director

Michael Lam
Executive Director

1. INDEBTEDNESS

Borrowings

As of 31 March 2014, being the latest practicable date for the purpose of ascertaining certain information contained in this indebtedness statement, the Group (including the CNC Group) had outstanding bank and other borrowings of approximately RMB5,645.8 million.

Contingent liabilities

As of 31 March 2014, the contingent liabilities of the Group was approximately RMB1,997.7 million, which was mainly the guarantee given by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Disclaimer

Save as disclosed above and apart from intra-group liabilities, the Group did not, as of the close of business on 31 March 2014, have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptance debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

2. WORKING CAPITAL

The Directors are of the opinion that taking into account the Group's internal resources, the available banking facilities of the Group and the expected net cash inflow from the Proposed Spin-off, the Group has sufficient working capital for its present requirements for at least the next 12 months from the date of this circular.

3. NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has not been any material adverse changes in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in four principal business areas, namely (i) property development; (ii) property leasing; (iii) hotel operation; and (iv) property management. Its property development portfolio, prior to the Proposed Spin-off, includes both residential and commercial properties. Following completion of the Proposed Spin-off, the Company will operate its commercial properties development and investment business, with principal focus in the Yangtze-River Delta Region, through the CNC Group. In the future, the CNC Group will also expand into the business of land development in different towns and counties in the PRC and other town and county urbanization-related businesses and services.

For the financial year ended 31 December 2013, the Group recorded an audited consolidated net profits after taxation of approximately RMB458.0 million and the audited consolidated net assets of the Group as of 31 December 2013 was approximately RMB6,189.6 million.

The new government of China has begun to focus on building a long-term regulatory regime with respect to the real estate market, which is expected to bring a positive effect on the steady development of the overall industry. The 18th CPC National Congress also addressed the development of urbanisation, the direction of which will be shifted from rapid expansion to quality improvement. In the long run, with the continued growth of the Chinese economy and steady progress of urbanisation, the demand for quality housing will continue to grow.

The Yangtze-River Delta is the core region of the Group's business development and also a key region for promoting the urbanisation. The management of the Group expects that the Yangtze-River Delta region will soon be developed into a more internationally competitive city cluster, which will provide the Group with great potential for development. With 16 years of property development, the Group has grown from a local real estate company to a leading developer in the Yangtze-River Delta region. Capitalising on rich experience in residential and commercial projects development in small towns, combined with in-depth study of economic situation and keen insight of the development opportunities in the Yangtze-River Delta, the Group is well-positioned to capture the development opportunities of continued urbanisation.

Specifically, the Group will gradually launch quick-sale products targeting end-users and value-added, low-density residential units, including high-rise apartments of property projects newly launched this year, make full use of the advantage of its brand and maintain steady sales progress. The Group will continue to make use of various ways such as cooperative development, brand management and introduction of strategic partners to increase the scale of business development, realise synergy effect of resources integration, capture market opportunities, rapidly expand market share, and promote the rapid development of the Group in residential properties in the PRC.

The following is the full text of a letter with the summary of valuations and the valuation certificates from CBRE Limited, the independent property valuer, in connection with its opinion of the values of the property interests as of 28 February 2014 to be held by the CNC Group, for the purpose of incorporation into this circular.

CBRE

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地產代理(公司)牌照號碼
Estate Agent's License No: C-004065

14 May 2014

The Board of Directors

Zhong An Real Estate Limited
Room 4006, 40th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Dear Sirs,

In accordance with the instructions for us to value the property interests (the "Properties") held by China New City Commercial Development Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the Properties as at 28 February 2014 (the "date of valuation").

Valuation Basis, Assumptions and Methodology

Unless otherwise stated, this valuation is prepared in accordance with the "HKIS Valuation Standards (2012 Edition)" published by the Hong Kong Institute of Surveyors. We have also complied with all the requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong

Limited (the "Listing Rules") and the rules contained in Rule 11 of The Codes on Takeovers and Mergers and Share Repurchases on the Securities and Futures Commission (the "Takeovers Codes").

Our valuation is our opinion of Market Value which is defined by the HKIS Valuation Standards on Properties to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

Our valuation excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, lease arrangements with property owners, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value and is made on the assumption that the owner sells the Properties on the open market without the benefit or burden of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which would serve to affect the value of the Properties. The valuation of the Properties is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

A potential tax liability which might arise if the assets were to be sold at the amount of the valuation, including but not limited to profit tax, business tax, land appreciation tax, capital gain tax and any other relevant taxes prevailing at the time in the respective jurisdiction. The basis and definition of market value do not allow any taxation that may be incurred in effecting sales and therefore we have not considered such tax liability in the valuation process.

Unless otherwise stated, we have assumed that transferable land use rights in respect of the property interests for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have proper legal titles and have free and uninterrupted rights to use, occupy or assign the property interests for the whole of the respective unexpired terms as granted.

Unless otherwise stated, all the Properties are valued by the Direct Comparison Approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession; and making reference to comparable sales transactions as available in the relevant markets. The Direct Comparison Approach (also known as the market approach) is based on comparing the property to be valued directly with other comparable properties. Comparable properties of similar size, character and location are analyzed, and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. Physical condition, location and economic characteristics are important criteria to be analysed when comparing to the Property.

No allowance has been made in our valuation neither for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free of encumbrances, restrictions and outgoings of onerous nature which could affect their values. Unless otherwise stated, we have valued the Properties on the assumption that they are freely transferable for their existing uses for the whole of the unexpired term of land use rights as granted to both local and overseas purchasers without payment of any premium to the relevant authorities.

For the property interests in Group I, which are property interests held by the Group for investment, we have valued each of the property interests by both the direct comparison approach and income approach. The direct comparison approach assumes sale of each of the property interests in their existing state subject to existing tenancies or otherwise with the benefit of vacant possession and making references to comparable sale transactions as available in the relevant markets. Income approach takes into account the current rents of the property interests and the reversionary potentials of the tenancies, where market yields adopted in our valuation were in the range of 5% to 6.5%. Equal weightings 50% and 50% are applied on the two above-mentioned approaches to derive the final value of each property, which means, if value derived from direct comparison approach is (1), value derived from income approach is (2), then final value equals (1) x 50% + (2) x 50%.

For the property interests in Group II, which are held by the Group for sale and occupation in the PRC, we have valued each of these property interests by the direct comparison approach. We have assumed sale of each of these property interests in its existing state with the benefit of vacant possession and making references to comparable sales transactions as available in the relevant markets. In our valuation, completed real estate developments are those with Completed Construction Works Certified Reports or Building Ownership Certificates or any other documents certifying the completion of the building having been issued by the relevant local authorities.

For the property interests in Group III, which is property interests held by the Group under development, we have valued the property interests on the basis that the property interests will be or can be developed and completed in accordance with the Group's latest development schemes provided to us. We have assumed that approvals from relevant authorities for such schemes have been obtained. In arriving at our opinion of value, we have adopted the direct comparison approach by making reference to comparable land evidence available in the relevant markets as at the date of valuation and have also taken into account the development costs already incurred as well as those costs to be incurred in order to accurately reflect the quality of the completed development. In our valuation, the properties under development are those where the Construction Works Commencement Permits have been obtained however the Construction Works Completed Certified Reports have not been issued.

For the property interests in Group IV, which is property interests held by the Group for future development, we have adopted the direct comparison approach by making reference to land sales evidence available in the relevant markets to arrive our opinion of value. In our valuation, the properties held for future development are those of which the State-owned Land Use Rights Certificates has been issued whilst the Construction Works Commencement Permits has not been issued.

For the property interests in Group III and Group IV, we reserve the right to reviewing the capital value opinion if there is any material change to the state of the property interests concerned. The change of the approvals, including the development parameters approved, delay on getting the approvals from the relevant authorities, and any similar issues that render a change on the development parameters advised to us, are considered the potential risks that may render a material change on the capital value of the property interests.

In the course of our valuation, we reserve the right to review our opinion of capital value should there be any material change on the current financing position, the particular fund chain of the seller and/or the potential buyers in the market and any similar issues that would affect the development period, the sale schedule and anything related to the disposal progress or the capital value realization of the property interests.

It is further pointed out that property interests in Group III and Group IV assets are subject to much higher value volatility owing to multiple variables such as market financing change in supply and/or demand, building costs, market pricing and disposal period.

Sources of Information

For the property interests in the PRC, we have relied on the legal opinion provided by the Group's PRC legal adviser, JT&N Law Firm (the "PRC Legal Opinion"). We have been provided with extracts from title documents relating to the property interests in the PRC. We have not, however, searched the original documents to verify ownership or any amendment which did not appear on the copies handed to us. All documents have been used for reference only.

We have relied to a considerable extent on information provided by the Group, in particular, but not limited to, the sales records, planning approvals, development schemes, outstanding development costs, statutory notices, easements, tenancies, floor areas (including Gross Floor Areas, Saleable Gross Floor Areas and Non-saleable Gross Floor Areas). No on-site measurement has been taken. Dimensions, measurements and areas included in the valuation certificate are only approximations.

We have taken every reasonable care both during inspecting the information provided to us and in making relevant enquiries. We have no reason to doubt the truth and accuracy of the information provided to us by the Group, which is material to the valuation. We were also advised by the Group that no material facts have been omitted from the information provided to us.

We have inspected the Properties to such extent as for the purpose of this valuation. In the course of our inspection, we did not notice any serious defects. However, we have not carried out any structural survey or any tests on the building services. Therefore, we are not able to report whether the Properties are free of rot, infestation or any other structural defects.

No site investigation was carried out to determine the suitability of the subsoil condition and services etc. for the construction of building and we have assumed that these aspects are satisfactory. Our valuation does not make any allowance for contamination or pollution of the land, if any, which may be occurred as a result of past usage. Our valuation is prepared on the assumption that these aspects are satisfactory and no extraordinary expenses or delay will be incurred during the development period.

Consent

CBRE Limited provides it consent for the inclusion of this Summary Letter within the Circular for Zhong An Real Estate Limited subject to Zhong An Real Estate Limited making recipients of the Circular document aware of the following liability disclaimers.

Liability and Disclaimers

This report and valuation shall be used only in its entirety and no part shall be used without making reference to the whole report. They may not be used for any purposes other than the intended purpose mentioned above.

The liability of CBRE Limited and its directors and employees is limited to the addressee of this report only. No accountability, obligation or liability to any third parties is accepted.

You Zhong An Real Estate Limited agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subjects in connection with this engagement. Your obligation for indemnification and reimbursement shall extend to any controlling person of CBRE Limited, including any director, officer, employee, subcontractor, affiliate or agent. In the event we are subject to any liability in connection with the engagement, regardless of legal theory advanced, such liability with be limited to the three times of the amount of fees we received for this engagement.

The site inspection was carried out in January 2014 by Ms Demi Huang, a China Real Estate Appraiser, Ms Joanna Wong, Mr Stephan Zhou, Mr Alex Jin and Mr Tony Jiao.

Unless otherwise stated, all monetary amounts are stated in Renminbi ("RMB").

We enclose herewith our summary of values and valuation certificate.

Yours faithfully,
For and on behalf of
CBRE Limited
Leo M Y Lo
MRICS MHKIS RPS(GP)
Senior Director
Valuation & Advisory Services
Greater China

Note: Mr Leo M Y Lo is a Registered Professional Surveyor (General Practice), a member of Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 9 years' valuation experience in the PRC and Hong Kong.

SUMMARY OF VALUES

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
Group I – Property interests held by the Group for investment in the PRC				
1.	Various retail units of Level 1 to Level 2 and the whole block of No.43 commercial building, Landscape Garden (山水苑), Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	127,800,000	90%	115,000,000
2.	Portion of Level 1 and the whole of Level 2 to Level 4, Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	79,800,000	90%	71,800,000
3.	Various office units, retail units and serviced apartment units of Highlong Plaza (恒隆廣場), Shanyin Road and Gongren Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	1,739,900,000	90%	1,565,900,000
4.	Basement 1 to Level 15, Guomao Building (國貿大厦), No.93 Shixin Road, Chengxiang Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	152,600,000	81%	123,600,000

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
5.	A retail shop unit on Level 1, La Vie (逸樂軒), No.433 Changle Road, Xuhui District, Shanghai City, the People's Republic of China	14,800,000	90%	13,300,000
6.	Various retail units of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	385,100,000	92.5%	356,200,000
	Sub-total:	**2,500,000,000**		**2,245,800,000**

Group II – Property interests held by the Group for sale and occupation in the PRC

7.	Units 609, 611, 612 and 613, Xihu Guomao Center (西湖國貿中心), No.58 Changsheng Road, Shangcheng District, Hangzhou City, Zhejiang Province, the People's Republic of China	20,900,000	90%	18,800,000
8.	Holiday Inn Hangzhou Xiaoshan (杭州蕭山眾安假日酒店) and 467 car parking spaces of Highlong Plaza (恒隆廣場), No.688 Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	674,700,000	90%	607,200,000

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
9.	Various retail units, office units and 41 car parking spaces of Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	13,900,000	90%	12,500,000
10.	Various retail units, residential units and 226 car parking spaces of White Horse Noble Mansion (白馬尊邸), Intersection of Houren Road and Jinjiadu River, Xihu District, Hangzhou City, Zhejiang Province, the People's Republic of China	67,800,000	99.7%	67,600,000
11.	68 car parking spaces of Landscape Garden (山水苑), Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	5,600,000	90%	5,000,000
12.	46 car parking spaces of New White Horse Apartments (新白馬公寓), Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	6,000,000	90%	5,400,000

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
13.	Various serviced apartment units, clubhouses, 356 car parking spaces and one retail unit of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	2,166,900,000	92.5%	2,004,400,000
	Sub-total:	**2,955,800,000**		**2,720,900,000**

Group III – Property interests held by the Group under development in the PRC

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
14.	Plot A3 (Jiarun Mansion), Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhenjiang Province, the People's Republic of China	3,923,000,000	100%	3,923,000,000
15.	Phase I of Zhong An Times Square (眾安時代廣場一期), South of West Ring Road and West of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China	1,163,000,000	90%	1,046,700,000
16.	Phase II of Zhong An Times Square (眾安時代廣場二期), South of West Ring Road and West of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China	1,605,000,000	63%	1,011,200,000

	Property	Capital value in existing state as at 28 February 2014 *(RMB)*	Interest attributable to the Group	Capital value attributable to the Group as at 28 February 2014 *(RMB)*
17.	Qiandao Lake Run Zhou Resort Hotel (千島湖潤洲度假酒店), Da Shi Ping, Qiandaohu Town, Chun'an County, Hangzhou City, Zhejiang Province, the People's Republic of China	263,000,000	100%	263,000,000
18.	Jia Run Square (嘉潤廣場), South of Xiandai Avenue, north of Xinqi Lane, east of Yuying Road and west of Sian Road, Wuzhong District, Suzhou City, Jiangsu Province, the People's Republic of China	1,021,000,000	45%	459,500,000
	Sub-total:	**7,975,000,000**		**6,703,400,000**

Group IV – Property interests held by the Group for future development in the PRC

19.	Reserved land (Plot A1 and A2) of Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhenjiang Province, the People's Republic of China	3,433,000,000	100%	3,433,000,000
	Sub-total:	**3,433,000,000**		**3,433,000,000**
	Grand Total:	**16,863,800,000**		**15,103,100,000**

VALUATION CERTIFICATE

Group I – Property interests held by the Group for investment in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
1.	Various retail units of Level 1 to Level 2 and the whole block of No.43 commercial building, Landscape Garden (山水苑), Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the east side of Xiang Lake Tourism Resort which is 10 minute walking distance.	The property comprises 25 retail shop units with a total gross floor area of approximately 3,039.46 sq.m. in a 2-storey retail podium of Phase I and a whole block of 4-storey retail building with a total gross floor area of approximately 7,845.81 sq.m. of Phase II. Landscape Garden ("the Development") was developed in two phases, occupying a site with a total land area of approximately 87,333.33 sq.m. ("the Site") is a residential development with retail podiums. Phase I of the property was completed in 2005 and Phase II of the property was completed in 2006. The Site is held under a State-owned Land Use Rights Certificate for a term expiring on 18 December 2071.	Portion of the property with a total gross floor area of approximately 5,111.53 sq.m. has been tenanted to various tenants as retail shops at a total monthly rent of RMB144,755 for various terms with the latest expiry date on 21 March 2021. The remaining portion of the property with a total gross floor area of approximately 5,773.74 sq.m. is currently vacant.	127,800,000 (90% interests attributable to the Group: 115,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500044 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 53,260 sq.m., in which the property is located therein, have been granted to the Group for residential use for a term of 70 years with the expiry date on 18 December 2071.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500043 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 34,073.33 sq.m., in which the property is located therein, have been granted to the Group for residential and commercial use for a term of 70 years with the expiry date on 18 December 2071.

3. Pursuant to the following State-owned Land Use Rights Certificates issued by the People's Government of Hangzhou City, the land use rights of the property is held by the Group:

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sq.m.)*	Date of Expiry
Hang Xiao Guo Yong (2014) No.000858	10 February 2014	Commercial	477.50	18 December 2041
Hang Xiao Guo Yong (2014) No.000860	10 February 2014	Commercial	642.00	18 December 2041
Hang Xiao Guo Yong (2014) No.000862	10 February 2014	Commercial	642.00	18 December 2041
Hang Xiao Guo Yong (2014) No.000863	10 February 2014	Commercial	427.80	18 December 2041
Hang Xiao Guo Yong (2014) No.000864	10 February 2014	Commercial	37.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001192	25 February 2014	Commercial	54.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001193	25 February 2014	Commercial	33.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001199	25 February 2014	Commercial	11.80	18 December 2041
Hang Xiao Guo Yong (2014) No.001206	25 February 2014	Commercial	15.30	18 December 2041
Hang Xiao Guo Yong (2014) No.001210	25 February 2014	Commercial	9.70	18 December 2041
Hang Xiao Guo Yong (2014) No.001212	25 February 2014	Commercial	13.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001215	25 February 2014	Commercial	16.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001219	25 February 2014	Commercial	37.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001220	25 February 2014	Commercial	46.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001222	25 February 2014	Commercial	46.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001224	25 February 2014	Commercial	12.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001225	25 February 2014	Commercial	12.20	18 December 2041
Hang Xiao Guo Yong (2014) No.001227	25 February 2014	Commercial	12.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001228	25 February 2014	Commercial	30.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001230	25 February 2014	Commercial	55.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001231	25 February 2014	Commercial	22.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001232	25 February 2014	Commercial	23.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001233	25 February 2014	Commercial	19.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001235	25 February 2014	Commercial	40.10	18 December 2041
Hang Xiao Guo Yong (2014) No.001236	25 February 2014	Commercial	17.00	18 December 2041
Hang Xiao Guo Yong (2014) No.001290	27 February 2014	Commercial	51.90	18 December 2041

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area (sq.m.)	Date of Expiry
Hang Xiao Guo Yong (2014) No.001291	27 February 2014	Commercial	37.60	18 December 2041
Hang Xiao Guo Yong (2014) No.001292	27 February 2014	Commercial	25.50	18 December 2041
Hang Xiao Guo Yong (2014) No.001293	27 February 2014	Commercial	19.80	18 December 2041
		Total:	**2,890.40**	

4. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area (sq.m.)	Use
Phase I			
Hang Fang Quan Zheng Xiao Yi Zi No.13315108	29 October 2013	155.41	Commercial and Trade
Hang Fang Quan Zheng Xiao Yi Zi No.13323293	13 December 2013	74.90	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323328	13 December 2013	61.51	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323330	13 December 2013	76.22	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323331	13 December 2013	72.88	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323332	13 December 2013	192.18	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323333	13 December 2013	155.41	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323334	13 December 2013	192.18	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323335	13 December 2013	153.15	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323336	13 December 2013	105.37	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323337	13 December 2013	80.10	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323338	13 December 2013	65.95	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323339	13 December 2013	138.21	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323340	13 December 2013	125.70	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323341	13 December 2013	213.30	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323342	13 December 2013	92.68	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323343	13 December 2013	63.09	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323347	13 December 2013	94.38	Residential Service

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area (sq.m.)	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13323348	13 December 2013	69.81	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323349	13 December 2013	164.84	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323350	13 December 2013	225.99	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323351	13 December 2013	222.53	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323353	13 December 2013	79.95	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323354	13 December 2013	77.40	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13323358	13 December 2013	86.32	Residential Service
	Sub-total:	**3,039.46**	
Phase II			
Hang Fang Quan Zheng Xiao Yi Zi No.13315135	29 October 2013	1,533.12	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13315136	29 October 2013	2,300.71	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13318807	26 November 2013	2,300.71	Residential Service
Hang Fang Quan Zheng Xiao Yi Zi No.13318809	26 November 2013	1,711.27	Residential Service
	Sub-total:	**7,845.81**	
	Total:	**10,885.27**	

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; The Group legally has the building ownership to the property to be sold. The Group is entitled to occupy, use, lease, sale, or mortgage the property;

   (b) The Group has obtained necessary pre-sold permits, all pre-sale transactions are legal and valid;

   (c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

(d) The following portions of the property are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Yi Zi No.13315136 (2,300.71 sq.m.) Hang Fang Quan Zheng Xiao Yi Zi No.13315135 (1,533.12 sq.m.)	33100620130047942	8 November 2013	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
2.	Portion of Level 1 and the whole of Level 2 to Level 4, Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 5 minutes' driving distance from the Hangzhou South Station.	The property comprises portion of Level 1 and the whole of Level 2 to Level 4 with a total gross floor area of approximately 5,913.49 sq.m.. Integrated Service Center ("the Development") occupying a site with a land area of approximately 2,979.34 sq.m. ("the Site") has a total gross floor area of approximately 9,417.97 sq.m. above the ground and a total gross floor area of approximately 1,746.30 sq.m. under the ground. The property was completed in 2005. The property is held under two State-owned Land Use Rights Certificates for a term expiring on 8 March 2051 for mixed use and agricultural market use respectively.	Level 1 and Level 2 of the property with a total gross floor area of approximately 2,949.46 sq.m. have been tenanted to Hangzhou Lianhua Huashang Group Co., Ltd. for supermarket use for a term expiring on 14 September 2015 at a current monthly rent of RMB141,453. Level 3 of the property with a total gross floor area of approximately 1,728.08 sq.m. have been tenanted to Qi Guojie for a term expiring on 21 April 2021 at a contracted initial monthly rent of RMB57,819.	79,800,000 (90% interests attributable to the Group: 71,800,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Xiaoshan Land Management Bureau, the land use rights of the Site with a total site area of approximately 2,979.34 sq.m., where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sq.m.)*	Date of Expiry
Hang Xiao Guo Yong (2001) Zi No.0100086	16 April 2001	Agricultural market	2,148.67	8 March 2051
Hang Xiao Guo Yong (2001) Zi No.0100084	16 April 2001	Mixed use	830.67	8 March 2051
		Total:	**2,979.34**	

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the property is held by the Group for mixed use.

Real Estate Ownership Certificate Number	**Date of Issuance**	**Gross Floor Area** *(sq.m.)*	**Use**
Hang Fang Quan Zheng Xiao Yi Zi No.13323352	13 December 2013	1,875.34	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323355	13 December 2013	1,728.08	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323356	13 December 2013	1,074.12	Mixed
Hang Fang Quan Zheng Xiao Yi Zi No.13323357	13 December 2013	1,235.95	Mixed
	Total:	**5,913.49**	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

(b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee; and

(c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
3.	Various office units, retail units and serviced apartment units of Highlong Plaza (恒隆廣場), Shanyin Road and Gongren Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the south of People's Square, 10 minutes walking distance from Metro Line 2 which is under construction.	The property comprises various office units with a total gross floor area of approximately 24,491.11 sq.m. in Block 2, various retails units in retail podium of Block 2,3,4,5 with a total gross floor area of approximately 60,013.90 sq.m., 133 serviced apartment units with a total gross floor area of approximately 7,900.16 sq.m. in Block 3 and 230 serviced apartment units with a total gross floor area of approximately 13,193.43 sq.m. in Block 4. Area summary of different portions:	Portion of the office building with a total gross floor area of 22,304.61 sq.m. is tenanted to various tenants at a total monthly rent of RMB872,229 for various terms with the latest expiry date on 30 November 2018. Portion of the retail shops with a total gross floor area of 52,585.29 sq.m. has been tenanted to various tenants at a monthly rent of RMB2,244,280 (excluding turnover rent) for various terms with the latest expiry date on 27 October 2026. Portion of the service apartment units with a total gross floor area of approximately 7,900.16 sq.m. has been tenanted to Hangzhou Ge Lin Green Lighting Co., Ltd. for hotel use at a monthly rent of RMB160,046 for 5 years commencing from 16 March 2009 and expiring on 15 March 2014.	1,739,900,000 (90% interests attributable to the Group: 1,565,900,000)

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
	<table><tr><td>**Portions**</td><td>**Gross Floor Area** *(sq.m.)*</td></tr><tr><td>Office</td><td>24,491.11</td></tr><tr><td>Retail</td><td>60,013.90</td></tr><tr><td>Serviced apartment</td><td>21,093.59</td></tr><tr><td>**Total:**</td><td>**105,598.60**</td></tr></table> Highlong Plaza ("the Development") occupying a site with a land area of approximately 30,933 sq.m. ("the Site") is a large-scale integrated commercial development which includes a hotel, various office units, retail podium and various serviced apartment units. The property was completed in 2009. The site is held under a State-owned Land Use Rights Certificate for a term expiring on 19 June 2051.	The remaining portion of the service apartment units with a total gross floor area of approximately 13,193.43 sq.m. has been tenanted to Zhejiang San Bi Hotel Holdings Co., Ltd. for hotel use for a term commencing from 23 February 2010 and expiring on 23 December 2017 with a monthly rent of RMB364,320 from 24 December 2012 to 23 December 2015 and a monthly rent of RMB400,752 from 24 December 2015 to 23 December 2017.	

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2001) 0100185 dated 17 July 2001 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Site with a site area of approximately 30,933 sq.m., in which the property is located therein, have been granted to the Group for mixed use for a term of 50 years with the expiry date on 19 June 2051.

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	**Date of Issuance**	**Gross Floor Area** *(sq.m.)*	**Use**
Hang Fang Quan Zheng Xiao Yi Zi No.13315102	29 October 2013	7,546.53	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315138	29 October 2013	13,193.43	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.13318808	26 November 2013	24,491.11	Commercial and Office
Hang Fang Quan Zheng Xiao Yi Zi No.14330495	15 January 2014	49,868.97	Commercial and Business
	Total:	**95,100.04**	

3. As advised by the Company, a total gross floor area of approximately 10,576 sq.m. of the underground portion of the Development is used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

    (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

    (b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, lease of such portions shall be subject to the prior consent from the mortgagee;

    (c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties.

(d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Xiao Zi No.00016150 (24,491.11 sq.m.) Hang Xiao Guo Yong (2001) Zi No.0100185 (Corresponding land area of the site where erected the building with a total gross floor area of 24,491.11 sq.m.)	Ping Yin (Hangzhou) Di Zi (2012) No.C1001600281200001	15 November 2012	Ping An Bank Limited Hangzhou Branch
Hang Fang Quan Zheng Xiao Yi Zi No.14330495 (49,868.97 sq.m.)	Xing Yin Hang Wei Di (2013) No.017-1	27 December 2013	Industrial Bank Co., Ltd. Hangzhou Branch

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
4.	Basement 1 to Level 15, Guomao Building (國貿大厦), No.93 Shixin Road, Chengxiang Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 10 minutes' driving distance from Hangzhou South Station.	The property comprises a 15-storey building, including 11 office floors with a total gross floor area of approximately 6,341.87 sq.m., 5 retail floors at the lowest levels with a total gross floor area of approximately 5,883.53 sq.m. (including a basement). Guomao Building ("the Development") occupies a site with a land area of approximately 1,454.65 sq.m. ("the Site"). The property was completed in about 1998. The site is held under a State-owned Land Use Rights Certificate for a term expiring in January 2047 for mixed use.	Portion of Basement 1 to Level 1 with a total gross floor area of approximately 1,224.72 sq.m. have been tenanted to various tenants for retail uses for various terms with latest expiring on 19 July 2015 at a current monthly rent of RMB235,833. Portion of Level 1 and the whole of Level 5 to Level 15 with a total gross floor area of approximately 6,441.87 sq.m. have been tenanted to Shanghai Jinjiang International Hotel Investment Co., Ltd. for hotel use for a term expiring on 14 April 2026 at a current monthly rent of RMB208,333.	152,600,000 (81% interests attributable to the Group: 123,600,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Xiaoshan Land Management Bureau, the land use rights of the Site with a total site area of approximately 1,454.65 sq.m., where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Use	Site Area *(sq.m.)*	Date of Expiry
Hang Xiao Guo Yong (2005) No.0100014	Commercial and residential	1,154.47	January 2047
Hang Xiao Guo Yong (2012) No.0100021	Commercial and residential	100.06	1 January 2047
Hang Xiao Guo Yong (2012) No.0100019	Commercial and residential	100.06	1 January 2047
Hang Xiao Guo Yong (2012) No.0100018	Commercial and residential	50.03	1 January 2047
Hang Xiao Guo Yong (2012) No.0100020	Commercial and residential	50.03	1 January 2047
	Total:	**1,454.65**	

2. Pursuant to the following Building Ownership Certificates, the building ownership of the property is held by the Group.

Real Estate Ownership Certificate Number	Date of Issuance	Use	Gross Floor Area *(sq.m.)*	Date of Expiry *(sq.m.)*
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337796	10 August 1998	Commercial	1,204.10 (B1)	January 2047
Hang Fang Quan Zheng Xiao Zi No.1335558	26 May 2004	Commercial	4,679.43 (L1-L4)	1 January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337797	10 August 1998	Office	745.30 (L5)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337798	10 August 1998	Office	762.31 (L6)	January 2017
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337799	10 August 1998	Office	537.14 (L7)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337800	10 August 1998	Office	537.14 (L8)	January 2047
Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337801	10 August 1998	Office	537.14 (L9)	January 2047
Hang Fang Quan Zheng Xiao Zi No.00056753	15 July 2008	Office	537.14 (L10)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030007	16 August 2007	Office	537.14 (L11)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030005	16 August 2007	Office	537.14 (L12)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030003	16 August 2007	Office	537.14 (L13)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030006	16 August 2007	Office	537.14 (L14)	N/A
Hang Fang Quan Zheng Xiao Zi No.00030008	16 August 2007	Office	537.14 (L15)	N/A
		Total:	**12,225.4**	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) The property is completed and held by the Group. The Group has obtained the State-owned land use rights certificates and building ownership certificates. The land use rights the Group has acquired have been mortgaged. In respect of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or otherwise dispose of such land use rights shall be subject to the prior consent from the mortgagee;

(b) The Group legally has the ownership to the property. The Group is entitled to occupy and use the property. Lease or mortgage of the property shall be subject to the prior consent from the mortgagee;

(c) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

(d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Xiao Guo Yong (2005) Zi No.0100014 Hang Xiao Guo Yong (2012) Zi No.0100018-No.0100021 Xiao Shan Shi Fang Quan Zheng Cheng Xiang Zhen Zi No.1337797-No.1337801 Hang Fang Quan Zheng Xiao Zi No.1335558, No.00056753, No.00030003, No.00030005-No.00030008	1311-662309189-02-n1	21 November 2013	First Sino Bank Shanghai Hongqiao Sub-branch

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
5.	A retail shop unit on Level 1, La Vie（逸樂軒）, No.433 Changle Road, Xuhui District, Shanghai City, the People's Republic of China The property is located in downtown area of Shanghai City, 10 minutes walking distance from Metro Line 1 and Metro Line 10.	The property comprises a retail shop on ground floor with a total gross floor area of approximately 340.84 sq.m.. The property was completed in 1997. The site is held under a Shanghai Certificate of Real Estate Ownership for a term expiring on 28 April 2054 for commercial use.	This property is currently tenanted at monthly rents of RMB65,396 for a term expiring on 16 October 2014, RMB68,665 from 17 October 2014 to 17 October 2015, and RMB72,098 from 18 October 2015 to 17 October 2016.	14,800,000 (90% interests attributable to the Group: 13,300,000)

Notes:

1. Pursuant to the Shanghai Certificate of Real Estate Ownership Hu Fang Di Xu Zi (2004) No.018002 dated 28 April 2004 issued by Shanghai Housing and Land Resources Administration Bureau, the property with a total gross floor area of approximately 340.84 sq.m. is held by the Group for commercial use with the expiry date on 28 April 2054.

2. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   a) The group is legally owns the units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership;

   b) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties; and

   c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hu Fang Di Xu Zi (2004) No.018002	1311-662309189-01-n1	21 November 2013	First Sino Bank Shanghai Hongqiao Sub-branch

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
6.	Various retail units of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Xianghu New Town on the east bank of the Qiantang River.	The property comprises various retail units with a total gross floor area of approximately 24,327.54 sq.m.. Hidden Dragon Bay ("the Development") occupies a site with a land area of approximately 89,173 sq.m. ("the Site"). The property was completed in 2013. The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use rights term expiring on 20 July 2044.	As at the date of valuation, various retail units with a total gross floor area of 20,606.61 sq.m. have been contracted to be tenanted to various tenants for retail uses for various terms with the latest term expiring on 27 January 2027 for a total contracted initial monthly rent of RMB768,224 (excluding turnover rent). The remaining portions of the property were currently vacant.	385,100,000 (92.5% interests attributable to the Group: 356,200,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.1600003 dated 25 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 89,173 sq.m., have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd. for commercial use with a land use rights term expiring on 20 July 2044.

2. Pursuant to Hangzhou Xiaoshan Construction Works Completion Certificate Xiao Bei An Zi (2013) No.0102 and Xiao Bei An Zi (2013) No.0104 dated 26 April 2013, Blocks 1#-2# and Blocks 3#-4#, where the property is located therein, have been completed.

3. Pursuant to the following Building Ownership Certificates issued by Hangzhou Real Estate Management Bureau, the building ownership of the property is held by the Group:

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sq.m.)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309843	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309844	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309845	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309846	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309847	26 August 2013	39.24	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sq.m.)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309848	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309849	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309850	26 August 2013	25.51	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309851	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309852	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309853	26 August 2013	39.24	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309854	26 August 2013	52.98	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309855	26 August 2013	54.26	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309856	26 August 2013	25.99	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309857	26 August 2013	39.79	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309858	26 August 2013	39.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309859	26 August 2013	114.11	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309860	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309861	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309862	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309863	26 August 2013	52.58	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309864	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309865	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309866	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309867	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309868	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309869	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309771	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309772	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309773	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309774	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309775	26 August 2013	66.84	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sq.m.)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309776	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309777	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309778	26 August 2013	66.84	Commercial and Retail
Hang Fang Quan Zheng Xiao Zi No.13309779	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309780	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309781	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309782	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309783	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309784	26 August 2013	66.84	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309785	26 August 2013	29.42	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309786	26 August 2013	28.65	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309787	26 August 2013	28.65	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309788	26 August 2013	29.42	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309789	26 August 2013	221.51	Commercial and Office
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309790	26 August 2013	126.27	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309791	26 August 2013	4,922.43	Commercial and Office
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309792	26 August 2013	130.04	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309793	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309794	26 August 2013	3,900.81	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309795	26 August 2013	5,048.81	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309796	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309797	26 August 2013	238.80	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309798	26 August 2013	4,252.02	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309799	26 August 2013	913.50	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309800	26 August 2013	260.27	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309801	26 August 2013	456.51	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309802	26 August 2013	649.15	Commercial and Retail

Building Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sq.m.)*	Use
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309803	26 August 2013	78.04	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309804	26 August 2013	13.02	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309805	26 August 2013	13.10	Commercial and Retail
Xiao Shan Qu Hang Fang Quan Zheng Xiao Zi No.13309806	26 August 2013	67.29	Commercial and Retail
	Total:	**24,218.27**	

4. As advised by the Company, a total gross floor area of approximately 9,946 sq.m. of the underground portion of the Development is used for civil air defense.

5. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The lease agreements entered between the Group and lessees are legal, valid and legally binding on both parties;

   (c) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same; and

   (d) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Zi No.13309789-No.13309806	33100620130048630	13 November 2013	Agricultural Bank of China Limited Hangzhou Jincheng Road Sub-branch
Hang Xiao Guo Yong (2007) No.1600003 Hang Fang Quan Zheng Xiao Zi No.13301426-No.13301436	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-3	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

VALUATION CERTIFICATE

Group II – Property interests held by the Group for sale and occupation in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
7.	Units 609, 611, 612 and 613, Xihu Guomao Center（西湖國貿中心）, No.58 Changsheng Road, Shangcheng District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the northeast side of West Lake which is 10 minute walk away from the metro station.	The property comprises 3 units (Units 609, 611,612 and 613) for commercial use, which were completed in 2011. The property has a total gross floor area of approximately 676.31 sq.m. with unit breakdown as below:	The property is currently occupied by the Group.	20,900,000 (90% interests attributable to the Group: 18,800,000)

Unit	Gross Floor Area *(sq.m.)*
609	300.85
611	
612	120.24
613	255.22
Total:	**676.31**

The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use term to be expired on 25 January 2050.

Notes:

1. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2011) No.002009 dated 13 April 2011, the land use rights of the property (Unit 613) with site area of approximately 92.70 sq.m., on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use and a land use term to be expired on 25 January 2050.

2. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2011) No.002011 dated 13 April 2011, the land use rights of the property (Units 609 and 611) with site area of approximately 109.30 sq.m., on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use and a land use term to be expired on 25 January 2050.

3. Pursuant to State-owned Land Use Rights Certificate Hang Shang Guo Yong (2013) No.003610 dated 17 May 2013, the land use rights of the property (Unit 612) with site area of approximately 43.7 sq.m., on which the property is erected, have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for comprehensive use and a land use term to be expired on 25 January 2050.

4. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Shang Yi Zi No.11937855 and No.11937837 dated 1 April 2011, the building ownership of the property with gross floor area of approximately 255.22 sq.m. (Unit 613) and 300.85 sq.m. (Unit 609 and Unit 611) have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for commercial use with use term to be expired on 25 January 2050.

5. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Shang Yi Zi No.13208375 dated 28 April 2013, the building ownership of the property with gross floor area of approximately 120.24 sq.m. (Unit 612) have been granted to Hangzhou Fukai Enterprise Management Co., Ltd. for non-residential use with use term to be expired on 25 January 2050.

6. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Hangzhou Fukai Enterprise Management Co., Ltd. legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

   (b) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

   (c) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally owns the units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership;

   (d) The Hangzhou Fukai Enterprise Management Co., Ltd. is legally entitled to occupy and use the units within the period of property ownership term;

   (e) Only in the prior mortgagee's consent, Hangzhou Fukai Enterprise Management Co., Ltd. has the right to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

   (f) The following portions of the property is subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Hang Fang Quan Zheng Shang Yi Zi No.11937837 (300.85 sq.m.) Hang Fang Quan Zheng Shang Yi Zi No.11937855 (255.22 sq.m.)	33100620130047717	7 November 2013	Agricultural Bank of China Limited Hangzhou Xiaoshan Sub-branch

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
8.	Holiday Inn Hangzhou Xiaoshan（杭州蕭山眾安假日酒店）and 467 car parking spaces of Highlong Plaza (恒隆廣場), No.688 Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China	The property comprises a total gross floor area of approximately 35,833.93 sq.m., providing 417 guest rooms and 467 underground car parking spaces. Highlong Plaza ("the Development") occupying a site with a land area of approximately 30,933 sq.m. ("the Site") is a large-scale integrated commercial development which includes a hotel, various office units, retail podium and various serviced apartment units. The property was completed in 2009. The site is held under a State-owned Land Use Rights Certificate for a term expiring on 19 June 2051.	The property is in operation.	674,700,000 (90% interests attributable to the Group: 607,200,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2001) 0100185 dated 17 July 2001 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Site with a site area of approximately 30,933 sq.m., in which the property is located therein, have been granted to the Group for mixed use for a term of 50 years with the expiry date on 19 June 2051.

2. Pursuant to the Building Ownership Certificate Hang Fang Quan Zheng Xiao Yi Zi No.13315137 dated 29 October 2013 issued by Hangzhou Housing security and Management Bureau, the building ownership of the property with a total gross floor area of approximately 35,833.93 sq.m. is held by the Group for commercial and business use.

3. As advised by the Company, a total gross floor area of approximately 10,576 sq.m. of the underground portion of the Development is used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
9.	Various retail units, office units and 41 car parking spaces of Integrated Service Center (綜合服務中心), East Xiaoran Road and Jinjiaqiao Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in the central area of Xiaoshan District which is approximately 5 minutes' driving distance from the Hangzhou South Station.	The property comprises various retail units with a total gross floor area of approximately 239.21 sq.m., various office units with a total gross floor area of approximately 308.23 sq.m. and 41 car parking spaces. Integrated Service Center ("the Development") occupying a site with a land area of approximately 2,979.34 sq.m. ("the Site") has a total gross floor area of approximately 9,417.97 sq.m. above the ground and a total gross floor area of approximately 1,746.30 sq.m. under the ground. The property was completed in 2005. The property is held under two State-owned Land Use Rights Certificates for a term expiring on 8 March 2051 for mixed use and agricultural market use respectively.	As at the date of valuation, 2 retail units of the property with a total gross floor area of approximately 92.31 sq.m. have been tenanted to Hangzhou Jia Jia Health Pharmacy Chain Co., Ltd. for a term expiring on 11 March 2016 for a current monthly rent of RMB10,417. The remaining portion of the property is currently vacant.	13,900,000 (90% interests attributable to the Group: 12,500,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Xiaoshan Land Management Bureau, the land use rights of the Site with a total site area of approximately 2,979.34 sq.m., where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Date of Issuance	Use	Site Area *(sq.m.)*	Date of Expiry
Hang Xiao Guo Yong (2001) Zi No.0100086	16 April 2001	Agricultural market	2,148.67	8 March 2051
Hang Xiao Guo Yong (2001) Zi No.0100084	16 April 2001	Mixed use	830.67	8 March 2051
		Total:	**2,979.34**	

2. Pursuant to the following Building Ownership Certificates issued by Hangzhou Housing security and Management Bureau, portion of the property is held by the Group for office use.

Real Estate Ownership Certificate Number	Date of Issuance	Gross Floor Area *(sq.m.)*	Use
Hang Fang Quan Zheng Xiao Yi Zi No.13315141	29 October 2013	14.99	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315142	29 October 2013	14.99	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315140	29 October 2013	35.20	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315139	29 October 2013	70.34	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315133	29 October 2013	46.44	Office
Hang Fang Quan Zheng Xiao Yi Zi No.13315132	29 October 2013	58.34	Office
	Total:	**240.30**	

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

(a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the land use rights except for those portions which have been mortgaged. In respect of the portions of the land use rights which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee; and

(b) The Group legally has the ownership to the property. The Group is entitled to occupy, use, lease, transfer or mortgage the property except for those portions which have been mortgaged. In respect of the portions of the property which have been mortgaged, transfer, lease or mortgage of such portions shall be subject to the prior consent from the mortgagee.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
10.	Various retail units and 226 car parking spaces of White Horse Noble Mansion (白馬尊邸), Intersection of Houren Road and Jinjiadu River, Xihu District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Sandun Town, Xihu District, which is approximately 10 minutes' driving distance from Hangzhou North Long-distance Bus Station and approximately 30 minutes' driving distance from Hangzhou Railway Station.	The property comprises 13 retail units with a total gross floor area of approximately 3,312.35 sq.m. in a 2-storey retail podium and 226 underground car parking spaces. White Horse Noble Mansion ("the Development") occupying a site with a land area of approximately 73,514 sq.m. ("the Site") is a residential development which includes residential units, retail podium and car parking spaces. The property was completed in 2009. The Site is held under a State-owned Land Use Rights Certificate for residential use with a term expiring in 2074, commercial use with a term expiring in 2044 and comprehensive use with a term expiring in 2054.	The property is currently vacant.	67,800,000 (99.7% interests attributable to the Group: 67,600,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Certificates issued by Hangzhou State-Owned Land and Resources Bureau, the land use rights of the Site with a total site area of approximately 73,514 sq.m., where the property is located therein, have been granted to the Group.

State-owned Land Use Rights Certificate Number	Use	Site Area *(sq.m.)*	Date of Expiry
Hang Xi Guo Yong (2007) No.000172	Commercial	2,695	29 July 2045
Hang Xi Guo Yong (2007) No.000173	Residential	47,087	29 July 2075
Hang Xi Guo Yong (2007) No.000174	Comprehensive (office)	1,503	29 July 2055
Hang Xi Guo Yong (2007) No.000175	Residential	22,229	29 July 2075

2. As advised by the Company, a total gross floor area of approximately 11,526 sq.m. of the underground portion of the Development is used for civil air defense.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The group is legally owns the retail units and is entitled to transfer, lease, mortgage or otherwise dispose of the property ownership.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
11.	68 car parking spaces of Landscape Garden (山水苑), Shushan Road and Panshui Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the east side of Xiang Lake Tourism Resort which is 10 minute walking distance.	The property comprises 68 car parking spaces. Landscape Garden ("the Development") was developed in two phases, occupying a site with a total land area of approximately 87,333.33 sq.m. ("the Site") is a residential development with retail podiums. Phase I of the property was completed in 2005 and Phase II of the property was completed in 2006. The Site is held under a State-owned Land Use Rights Certificate for a term expiring on 18 December 2071.	The property is currently vacant.	5,600,000 (90% interests attributable to the Group: 5,000,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500044 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 53,260 sq.m., in which the property is located therein, have been granted to the Group for residential use for a term of 70 years with the expiry date on 18 December 2071.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2002) 4500043 dated 25 November 2002 issued by Xiaoshan State-Owned Land and Resources Bureau, the land use rights of the Development with a site area of approximately 34,073.33 sq.m., in which the property is located therein, have been granted to the Group for residential and commercial use for a term of 70 years with the expiry date on 18 December 2071.

3. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
12.	46 car parking spaces of New White Horse Apartments（新白馬公寓）, Shanyin Road, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located on the southwestern side of People's Square, which is 30 minutes' walking distance from Binkang Road metro station.	The property comprises 46 car parking spaces. The property was completed in 2008. The property is held under a State-owned Land Use Rights Certificate for commercial and residential use for land use term to be expired on 31 January 2070.	The property is currently vacant.	6,000,000 (90% interests attributable to the Group: 5,400,000)

Notes:

1. Pursuant to State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.172 dated 31-January-2000 signed with the Planning and State-owned Land Resources Bureau of Xiaoshan District, Hangzhou City and the approval on granting of State-owned Land Use Rights to Zhejiang Mingri Real Estate Co., Ltd., The land use rights of the property with site area of approximately 31,400 sq.m. has been contracted to be granted to Zhejiang Mingri Real Estate Co., Ltd., with land use term of 70 years for residential use at consideration of RMB11,775,000.

   a) Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.172 dated 29 August 2004, the grantee of the land has been transferred to Hangzhou White Horse Property Development Co., Ltd. with the rights and obligations from original grantee.

2. Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract Xiao Tu He (1999) No.173 dated 29 August 2004, the grantee of the land has been transferred to Hangzhou White Horse Property Development Co., Ltd. with the rights and obligations from original grantee.

3. Pursuant to the supplementary Contract of State-owned Land Use Rights Grant Contract dated 16 November 2004, the Planning and State-owned Land Resources Bureau of Xiaoshan District, Hangzhou City agrees to adjust the total gross floor area to 167,714 sq.m.. The White Horse Property Development Co., Ltd. has agreed to pay RMB31,766,496.65.

4. Pursuant to State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2004) No.400025, the land use rights of the property with site area of approximately 31,400 sq.m., have been granted to the Group for commercial and residential use with a term to be expired on 31 January 2070.

5. Pursuant to State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2004) No.4400026, the land use rights of the property with site area of approximately 31,400 sq.m., have been granted to the Group for commercial and residential use with a term to be expired on 31 January 2070.

6. As advised by the Company, a total gross floor area of approximately 8,214 sq.m. of the underground portion of New White Horse Apartments is used for civil air defense.

7. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, legally owns the land use rights with land area of 62,800 sq.m. and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights within the entitled period of land-using;

   (b) The Group has acquired all necessary permits, approvals and certificates from relevant authorities regarding the property, and those permits, approvals and certificates are not entitled to revocation, modification, revocation or abolish; and

   (c) The Group has obtained the necessary pre-sell permits, all pre-sell transactions are legal.

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
13.	Various serviced apartment units, clubhouses, 356 car parking spaces and one retail unit of Hidden Dragon Bay (隱龍灣), Wenxing Village, Wenyan Town, Xiaoshan District, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located in Xianghu New Town on the east bank of the Qiantang River.	The property comprises various serviced apartment units, clubhouses, 356 car parking spaces and one retail unit. The gross floor area breakdown is as below: **Portion** — **Gross Floor Area** *(sq.m.)* Serviced apartment (Presold) — 1,384.81 Serviced apartment (Unsold) — 14,701.39 Clubhouse (Presold) — 2,762.27 Clubhouse (Unsold) — 72,779.74 Car parking spaces — 356 (lots) Retail — 183.22 **Total: 91,811.43** Hidden Dragon Bay ("the Development") occupies a site with a land area of approximately 89,173 sq.m. ("the Site"). The property was completed in 2013. The property is held under a State-owned Land Use Rights Certificate for commercial use with a land use rights term expiring on 20 July 2044.	At the date of valuation, the property was currently vacant.	2,166,900,000 (92.5% interests attributable to the Group: 2,004,400,000)

Notes:

1. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.1600003 dated 25 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 89,173 sq.m., have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd. for commercial use with a land use rights term expiring on 20 July 2044.

2. Pursuant to Hangzhou Xiaoshan Construction Works Completion Certificate Xiao Bei An Zi (2013) No.0102 and Xiao Bei An Zi (2013) No.0104 dated 26 April 2013, Blocks 1#-2# and Blocks 3#-4#, where part of the property is located therein, have been completed.

3. Pursuant to the following Real Estate Ownership Certificates, the building ownerships, with a total gross floor area of approximately 75,542.01 sq.m., have been granted to Hangzhou Zheng Jiang Real Estate Development Co., Ltd.

Real Estate Ownership Certificate Number	**Block No.**	**Date of Issuance**	**Use**	**Gross Floor Area** *(sq.m.)*
Hang Fang Quan Zheng Xiao Zi No.13301426	Block 5	18 June 2013	Commercial and office	2,822.25
Hang Fang Quan Zheng Xiao Zi No.13301427	Block 6	18 June 2013	Commercial and office	2,958.21
Hang Fang Quan Zheng Xiao Zi No.13301428	Block 7	18 June 2013	Commercial and office	3,011.57
Hang Fang Quan Zheng Xiao Zi No.13301429	Block 8	18 June 2013	Commercial and office	3,253.51
Hang Fang Quan Zheng Xiao Zi No.13301430	Block 9	18 June 2013	Commercial and office	3,203.34
Hang Fang Quan Zheng Xiao Zi No.13301431	Block 10	18 June 2013	Commercial and office	3,113.10
Hang Fang Quan Zheng Xiao Zi No.13301432	Block 11	18 June 2013	Commercial and office	2,957.77
Hang Fang Quan Zheng Xiao Zi No.13301433	Block 12	18 June 2013	Commercial and office	3,052.67
Hang Fang Quan Zheng Xiao Zi No.13301434	Block 13	18 June 2013	Commercial and office	3,397.48
Hang Fang Quan Zheng Xiao Zi No.13301435	Block 14	18 June 2013	Commercial and office	3,262.65
Hang Fang Quan Zheng Xiao Zi No.13301436	Block 15	18 June 2013	Commercial and office	2,762.27
Hang Fang Quan Zheng Xiao Zi No.13301437	Block 16	18 June 2013	Commercial and office	2,777.35
Hang Fang Quan Zheng Xiao Zi No.13301438	Block 17	18 June 2013	Commercial and office	2,971.82
Hang Fang Quan Zheng Xiao Zi No.13301439	Block 18	18 June 2013	Commercial and office	2,971.82
Hang Fang Quan Zheng Xiao Zi No.13301440	Block 19	18 June 2013	Commercial and office	2,982.33
Hang Fang Quan Zheng Xiao Zi No.13301441	Block 20	18 June 2013	Commercial and office	2,956.18
Hang Fang Quan Zheng Xiao Zi No.13301442	Block 21	18 June 2013	Commercial and office	2,342.58
Hang Fang Quan Zheng Xiao Zi No.13301443	Block 22	18 June 2013	Commercial and office	2,740.66
Hang Fang Quan Zheng Xiao Zi No.13301444	Block 23	18 June 2013	Commercial and office	2,947.41
Hang Fang Quan Zheng Xiao Zi No.13301445	Block 24	18 June 2013	Commercial and office	3,045.61
Hang Fang Quan Zheng Xiao Zi No.13301446	Block 25	18 June 2013	Commercial and office	2,950.86
Hang Fang Quan Zheng Xiao Zi No.13301447	Block 26	18 June 2013	Commercial and office	3,094.09
Hang Fang Quan Zheng Xiao Zi No.13301448	Block 27	18 June 2013	Commercial and office	3,577.31

Real Estate Ownership Certificate Number	Block No.	Date of Issuance	Use	Gross Floor Area *(sq.m.)*
Hang Fang Quan Zheng Xiao Zi No.13301449	Block 28	18 June 2013	Commercial and office	3,566.65
Hang Fang Quan Zheng Xiao Zi No.13301450	Block 29	18 June 2013	Commercial and office	2,822.52
			Total:	**75,542.01**

4. As advised by the Company, a total gross floor area of approximately 9,946 sq.m. of the underground portion of the Development is used for civil air defense.

5. As advised by the Company, a total gross floor area of approximately 664.57 sq.m. apartment units were contracted to be sold at RMB5,770,174 and a total gross floor area of approximately 2,762.27 sq.m. clubhouse were contracted to be sold at RMB65,800,000. This amount has been taken into consideration in the valuation.

6. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage and other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease, sale, or mortgage the property. The Group is required to obtain the requisite pre-sale permit of portion of the property before the Group has the right to pre-sell the same; and

   (c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Fang Quan Zheng Xiao Zi No.13301437-No.13301450	Hua Yin Ying Ye Bu Di Zi 2013 Nian No.0607	18 June 2013	Hua Rong Xiang Jiang Bank Limited
Hang Xiao Guo Yong (2007) No.1600003 Hang Fang Quan Zheng Xiao Zi No.13301426-No.13301436	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-3	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

VALUATION CERTIFICATE

Group III – Property interests held by the Group under development in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
14.	Plot A3 (Jiarun Mansion), Hangzhou International Office Center (IOC) (杭州國際辦公中心), Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhenjiang Province, the People's Republic of China The property is located in the Qianjiang Century Town on the south bank of the Qiantang River, facing Qianjiang New Town to the north bank.	Upon completion, the property will comprise various retail units and serviced apartment units with a total gross floor area of approximately 237,934.56 sq.m. and underground portion with a total gross floor area of approximately 90,432.00 sq.m., including 1,964 underground car parking spaces. The gross floor area breakdown is as below:	At the date of inspection, the property was under development.	3,923,000,000 (100% interests attributable to the Group: 3,923,000,000)

Portion	Gross Floor Area *(sq.m.)*
Aboveground	
Retail	25,243.96
Serviced apartment	212,690.60
Sub-total:	237,934.56
Underground	90,432.00
(Inc. civil air defense)	11,928
Total:	**328,366.56**

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
	International Office Center (IOC) ("the Development") occupying a site with a total land area of approximately 92,610.3 sq.m. ("the Site") is a large-scale integrated commercial development, which will be developed with a total gross floor area of approximately 798,794.56 sq.m., including hotel, office, retail and serviced apartment portions. As advised by the Group, the property is expected to be completed by 2014. The property is held under a State-owned Land Use Rights Certificate for commercial services use with a land use rights term expiring on 15 February 2047.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract Xiao Tu He Zi [2007] Chu No.06 dated 15 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sq.m., have been contracted to be granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. with a land use rights term of 40 years for commercial services use at a total consideration of RMB208,880,000.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.0800034 dated 30 August 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sq.m., have been granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. for commercial services use with a land use rights term expiring on 15 February 2047.

3. Pursuant to the Construction Land Use Planning Permit (2007) Zhe Gui Zheng No.0110065 dated 31 July 2007, a development with planned land area of 92,610.3 sq.m. for commercial and office use has been permitted.

4. Pursuant to the Construction Works Planning Permit Zhe Gui Zheng Jian Zi No.(2010)0110142 dated 16 July 2010, a development with planned gross floor area of 328,378 sq.m. has been permitted to be developed by Henlly Enterprise Management (Hangzhou) Co., Ltd.

5. Pursuant to the following Construction Works Commencement Permits, a project named Hangzhou International Office Center Phase I (A3) Project with planned gross floor area of 328,378 sq.m. has been permitted to be developed by Henlly Enterprise Management (Hangzhou) Co., Ltd.

Construction Works Commencement Permit Number	Date of Issuance	Project Name	Construction Scale *(sq.m.)*
330181201009170101	17 September 2010	Hangzhou International Office Center Phase I (A3) Project Section I Blocks 1-4 and basements	185,731
330181201009160101	17 September 2010	Hangzhou International Office Center Phase I (A3) Project Section II Blocks 5-7 and basements	142,647
		Total:	**328,378**

6. As provided by the Group, the incurred and outstanding construction costs, as at the valuation date, were approximately RMB1,007,800,000 and RMB1,332,000,000 respectively.

7. The Gross Development Value ("GDV") of the property is estimated to be approximately RMB6,655,000,000 as at the date of valuation.

8. As advised by the Company, upon completion, a total gross floor area of approximately 11,928 sq.m. of the underground portion of the property will be used for civil air defense.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property; and

   (c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sq.m.)	2013 Nian Gu Dai Di Zi No.002-1	4 May 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sq.m.)	2013 Nian Gu Dai Di Zi No.003	23 September 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch

10. We have prepared our valuation based on the following assumptions:

   (a) the property is sold on "as-is" condition;

(b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

(c) the proposed use of the property is in compliance with the planning land use;

(d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

(e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

11. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
15.	Phase I of Zhong An Times Square (衆安時代廣場一期), South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City Zhejiang Province, the People's Republic of China The property is located at the south of West Ring Road and west of North Xinjian Road, which is surrounded by Zhongjiang on the west.	Upon completion, the property will comprise a 24-storey SOHO office building, a 4-storey shopping mall, a 19-storey hotel with a total aboveground gross floor area of approximately 190,801.34 sq.m. and a total underground gross floor area of approximately 114,671.23 sq.m., including 1,809 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently under construction.	1,163,000,000 (90% interests attributable to the Group: 1,046,700,000)

Use	Gross Floor Area *(sq.m.)*
Aboveground	
Office	56,538.61
Retail	113,639.03
Hotel	20,623.70
Sub-total:	190,801.34
Underground	114,671.23
(incl. civil air defense)	23,660.00
Total:	**305,472.57**

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
	Zhong An Times Square ("the Development") occupying a site with a total land area of approximately 136,678 sq.m. ("the Site") will be developed with a total gross floor area of approximately 628,407.76 sq.m., including hotel, office, retail and residential portions. As advised by the Group, the property is expected to be completed by 2015. The property is held under a State-owned Land Use Rights Certificate for commercial use for land use term to be expired on 24 January 2050.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3302812010A21063 dated 26 March 2010 signed with the State-owned Land Resources Bureau of Yuyao City and the approval on granting of State-owned Land Use Rights to Yuyao Zhong An Property Development Co., Ltd., the land use rights of the property with site area of approximately 65,159 sq.m. has been contracted to be granted to Yuyao Zhong An Property Development Co., Ltd. with land use term of 40 years for commercial use at consideration of RMB342,090,000.

2. Pursuant to State-owned Land Use Rights Certificate Yu Guo Yong (2013) No.14564 dated 20 December 2013, the land use rights of the property with site area of approximately 65,159.00 sq.m., on which the property is erected, have been granted to Yuyao Zhong An Times Square Development Co., Ltd. for commercial use with a land use term to be expired on 24 January 2050.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.(2010) Zhe Gui (Di) 0210034 dated 26 March 2010, a development with planned land area of 395,294 sq.m. for commercial and residential uses has been permitted, in which the property land area has been included.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.(2013) Zhe Gui (Jian) Zheng No.0210071 dated 13 December 2013, a development with planned gross floor area of 305,472.57 sq.m. for commercial uses has been permitted.

5. Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2013) 227 dated 19 December 2013, a planned gross floor area of 305,472.57 sq.m. has been permitted to be developed by The Second Construction Group Co., Ltd. of Zhejiang Province.

6. Approximately RMB73,110,000 of incurred construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. There is approximately RMB1,148,800,000 estimated outstanding construction cost to complete the construction as at the date of valuation.

7. The gross development value is estimated to be approximately RMB3,731,700,000.

8. As advised by the Company, upon completion, a total gross floor area of approximately 23,660 sq.m. of the underground portion of the property will be used for civil air defense.

9. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

   (b) As the Group splits, the land use rights will be listed under Yuyao Times Square Development Co., Ltd.;

   (c) Yuyao Times Square Development Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

   (d) Only in the prior mortgagee's consent, Yuyao Times Square Development Co., Ltd. has the rights to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

   (e) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Yu Guo Yong (2013) No.14564	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-2	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

10. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
16.	Phase II of Zhong An Times Square (衆安時代廣場二期), South of West Ring Road and west of North Xinjian Road, Yuyao City, Ningbo City, Zhejiang Province, the People's Republic of China The property is located at the south of West Ring Road and west of North Xinjian Road, which surrounded by Zhongjiang on the west.	Upon completion, the property will comprise a 14-storey office building, a 4-storey commercial building as shopping street, a 24-storey hotel, 6 residential buildings with 27-30 stories and various ancillary buildings with a total aboveground gross floor area of approximately 204,301.61 sq.m. and a total underground gross floor area of approximately 118,633.56 sq.m., including 1,928 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently under construction.	1,605,000,000 (63% interests attributable to the Group: 1,011,200,000)

Use	Gross Floor Area *(sq.m.)*
Aboveground	
Office	12,710.50
Retail	33,807.02
Hotel	71,679.09
Residential	83,380.35
Ancillary portion	2,724.65
Sub-total:	204,301.61
Underground	118,633.56
(incl. civil air defense)	48,708.00
Total:	**322,935.17**

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
	Zhong An Times Square ("the Development") occupying a site with a total land area of approximately 136,678 sq.m. ("the Site") will be developed with a total gross floor area of approximately 640,280.98 sq.m., including hotel, office, retail and residential portions. As advised by the Group, the property is expected to be completed by 2015. The property is held under a State-owned Land Use Rights Certificate for commercial services use and residential use for land use term to be expired on 19 May 2081 respectively.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3302812011A21074 dated 7 July 2011 signed with the State-owned Land Resources Bureau of Yuyao City and the approval on granting of State-owned Land Use Rights to Yuyao Zhong An Property Development Co., Ltd., the land use rights of the property with site area of approximately 71,519 sq.m. has been contracted to be granted to Yuyao Zhong An Property Development Co., Ltd. with land use term of 40 years for commercial use and 70 years for residential use at consideration of RMB322,909,790.

2. Pursuant to State-owned Land Use Rights Certificate Yu Guo Yong (2013) No.14565 dated 20 December 2013, the land use rights of the property with site area of approximately 71,519.00 sq.m., on which the property is erected, have been granted to Yuyao Zhong An Times Square Property Co., Ltd. for residential use with a land use term to be expired on 19 May 2081 and commercial use with a land use term to be expired on 19 May 2051.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.(2011) Zhe Gui (Di) 0210034 dated 20 July 2011, a development with planned land area of 71,519 sq.m. for commercial and residential uses has been permitted.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.(2012) Zhe Gui (Jian) Zheng No.0210036 dated 27 August 2012, a development with planned gross floor area of 152,390.33 sq.m. for commercial and residential uses has been permitted.

   Pursuant to the Construction Works Planning Permit Jian Zi No.(2012) Zhe Gui (Jian) Zheng No.0210004 dated 19 January 2012, a development with planned gross floor area of 170,544.84 sq.m. for commercial and residential uses has been permitted.

5. Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2012) 164 dated 7 September 2012, a planned gross floor area of 152,390.33 sq.m. has been permitted to be developed by Ningbo Construction Engineering Co., Ltd.

Pursuant to the Construction Works Commencement Permit Yu Jian Shi Guan (2012) 149 dated 24 August 2012, a planned gross floor area of 170,544.84 sq.m. has been permitted to be developed by China Railway Construction Engineering Group Co., Ltd.

6. Approximately RMB285,900,000 of incurred construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. There is approximately RMB1,178,400,000 estimated outstanding construction cost to complete the construction as at the date of valuation.

7. The gross development value is estimated to be approximately RMB4,052,800,000.

8. As advised by the Company, upon completion, a total gross floor area of approximately 48,708 sq.m. of the underground portion of the property will be used for civil air defense.

9. As advised by the Company, a total gross floor area of approximately 6,176 sq.m. retail units were contracted to be sold at RMB190,199,181 and a total floor area of approximately 15,215 sq.m. residential units were contracted to be sold at RMB184,760,991. This amount has been taken into consideration in the valuation.

10. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

    (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights;

    (b) As the Group splits, the land use rights will be listed under Yuyao Times Square Development Co., Ltd.;

    (c) Yuyao Times Square Development Co., Ltd. is legally entitled to occupy and use the land within the period of land use right term;

    (d) Only in the prior mortgagee's consent, Yuyao Times Square Development Co., Ltd. has the rights to transfer, lease, mortgage or otherwise dispose of this part of the land use rights; and

    (e) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	**Encumbrance No.**	**Date of Instruments**	**Creditor**
Yu Guo Yong (2013) No.14565	Ping Yin Yong Di Chan Di Zi No.20140114 No.001-1	14 January 2014	Ping An Bank Limited Ningbo Sub-branch

11. We have prepared our valuation based on the following assumptions:

    (a) the property is sold on "as-is" condition;

    (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

    (c) the proposed use of the property is in compliance with the planning land use;

    (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

(e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

12. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
17.	Qiandao Lake Run Zhou Resort Hotel（千島湖潤洲度假酒店）, Da Shi Ping, Qiandaohu Town, Chun'an County, Hangzhou City, Zhejiang Province, the People's Republic of China The property is located close to Thousand Island Lake.	The property comprises a hotel development with a total gross floor area of approximately 37,028 sq.m. and a site area of approximately 112,593.25 sq.m.. Upon completion, the property will be developed into a commercial development with a 161-room hotel and 31 villas. As advised by the Group, the property is expected to be completed by October 2015. The Site is held under 4 State-owned Land Use Rights Certificates for land use term expiring on 30 June 2045, 9 June 2051, 14 March 2046 and 9 June 2051 respectively.	The property is currently under construction.	263,000,000 (100% interests attributable to the Group: 263,000,000)

Notes:

1. Pursuant to the following State-owned Land Use Rights Grant Contract issued by Chun An County Land Management Bureau, the land use rights of the Development with a land area of approximately 112,593.25 sq.m., have been granted to the Group, at a total land premium of RMB7,113,189.

State-owned Land Use Rights Grant Contract Number	Date of Issuance	Site Area *(sq.m.)*	Use and Date of Expiry
Chun Tu He Zi (93) No.05	14 May 1993	45,328.8	Tourism: 50 years
Chun Tu Rang Zi (2006) No.13	6 February 2006	24,574.16	Industrial: 50 years
Chun Tu Rang Zi (2006) No.14	6 February 2006	38,305.53	Industrial: 50 years
Chun Zheng Chu Chu (2011) No.15	20 May 2011	3,361.83	Hotel ancillary: 40 years
Chun Zheng Chu Chu (2011) No.16	20 May 2011	1,022.93	Hotel ancillary: 40 years
	Total:	**112,593.25**	

* Pursuant to the agreement of change the land use entered between Chun An County Land Resource Bureau and Zhejiang 21 Century Investment Limited（浙江二十一世紀投資有限公司）dated on 14 May 2007, the land use changed from industrial from tourism with additional land premium compensation of RMB8,308,900, land use term changed to 40 years.

2. Pursuant to the following State-owned Land Use Rights Certificates issued by Chun An County Municipal Government, the land use rights of the Development with a land area of approximately 112,593.25 sq.m. have been granted to the Group:

State-owned Land Use Rights Certificate Number	**Use**	**Site Area** *(sq.m.)*	**Date of Expiry**
Chun An Guo Yong (2003) Zi No.297	Ancillary facility of tourism	45,328.8	30 June 2045
Chun An Guo Yong (2011) Zi No.02498	Commercial and service	3,361.83	9 June 2051
Chun An Guo Yong (2007) Zi No.124	Commercial (Resort)	62,879.69	14 March 2046
Chun An Guo Yong (2011) Zi No.02499	Commercial and service	1,022.93	9 June 2051
	Total:	**112,593.25**	

3. Pursuant to the Construction Land Use Planning Permits Di Zi No.Chun20110170023 and Di Zi No.Chun20110170024 dated 3 June 2011, a development with planned land area of 45,328.8 sq.m. and 62,879.69 sq.m. respectively for commercial use has been permitted.

4. Pursuant to the Construction Works Planning Permit Chun 20120170004 dated 28 April 2012, a development with a planned gross floor area of 23,800.63 sq.m. has been permitted to be developed by Chun An Min Fu Tourism Holdings Limited.

5. Pursuant to the Construction Works Commencement Permit No.330127201212210101 dated 21 December 2012, a project named Hangzhou Thousand Island Lake Zhong An New World Hotel with a planned gross floor area of 23,800.63 sq.m. has been permitted to be developed by Chun An Min Fu Tourism Holdings Limited.

6. Approximately RMB135,200,000 of construction cost reflecting the physical state of the construction on site was incurred as at the date of valuation. The incurred construction cost has already been taken into account in the valuation. The estimated outstanding construction cost as at the date of valuation is approximately RMB335,400,000.

7. The gross development value is estimated to be approximately RMB858,400,000.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificates, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee; and

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property.

9. We have prepared our valuation based on the following assumptions:

   (a) the property is sold on "as-is" condition;

   (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

   (c) the proposed use of the property is in compliance with the planning land use;

   (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

   (e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

10. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

VALUATION CERTIFICATE

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
18.	Jia Run Square (嘉潤廣場), South of Xiandai Avenue, north of Xinqi Lane, east of Yuying Road and west of Sian Road, Wuzhong District, Suzhou City, Jiangsu Province, the People's Republic of China The property is located on the eastern side of Jinji Lake which is 10 minutes' walking distance from the Time Square metro station.	Upon completion, the property will comprise a 30-storey office building, a 39-story serviced apartment building and a 32-story hotel with a retail podium with a total aboveground gross floor area of approximately 181,159.87 sq.m. and a total underground gross floor area of approximately 70,231.56 sq.m., including 853 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently under construction.	1,021,000,000 (45% interests attributable to the Group: 459,500,000)

Portion	Gross Floor Area *(sq.m.)*
Aboveground	
Office	56,154.00
Hotel	44,551.00
Service Apartment	52,654.47
Retail	25,851.00
Ancillary facilities	1,949.40
Sub-total:	181,159.87
Underground	70,231.56
(Incl. civil air defense)	12,800.00
Total:	**251,391.43**

Jia Run Square ("the Development") occupies a site with a land area of approximately 21,366.64 sq.m. ("the Site").

As advised by the Group, the property is expected to be completed by 2016. The

property is held under a State-owned Land Use Rights Certificate for commercial services use and residential use for land use term to be expired on 18 May 2052 and 18 May 2082 respectively.

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract No.3205032011CR0034 dated 19 May 2011 signed with the Planning and State-owned Land Resources Bureau of Suzhou Industrial Park, the land use rights of the property with site area of approximately 21,366.64 sq.m. ("the Site") have been contracted to be granted to Jiangsu Xiezhong Investment Co., Ltd., with land use term of 40 years for commercial use and of 70 years for residential use at consideration of RMB363,240,000.

    a) Pursuant to the supplementary agreement of State-owned Land Use Rights Grant Contract No.3205032011CR0034 dated 31 October 2011 signed with the Planning and State-owned Land Resources Bureau of Suzhou Industrial Park, the State-owned Land Use Rights of the Site have been transferred from Jiangsu Xiezhong Investment Co., Ltd. to Jiangsu Jiarun Real Estate Co., Ltd.

2. Pursuant to State-owned Land Use Rights Certificate Su Gong Yuan Guo Yong (2013) No.00013 dated 8 February 2013, the land use rights of the property with site area of approximately 21,366.64 sq.m., on which the property is erected, have been granted to Jiangsu Xiezhong Investment Co., Ltd., for commercial use be expired on 18 May 2052 and a residential use term to be expired on 18 May 2082.

3. Pursuant to the Construction Land Use Planning Permit Di Zi No.B20110001-01 dated 22 March 2012, a development with planned land area of 2.14 hectares for commercial and complex uses has been permitted.

4. Pursuant to the Construction Works Planning Permit Jian Zi No.20130741 dated 2 May 2013, a development with planned gross floor area of 251,391.43 sq.m. has been permitted to be developed by Jiangsu Jiarun Real Estate Co., Ltd.

5. Pursuant to the Construction Works Commencement Permit No.320594201305150301 dated 15 May 2013, a project named DK20110019 lot the foundation construction of Jia Run Square complex use building with planned gross floor area of 251,391.43 sq.m. has been permitted to be developed by Jiangsu Jiarun Real Estate Co., Ltd.

6. The gross development value is estimated to be approximately RMB3,780,900,000 and the estimated outstanding construction cost is RMB1,486,400,000 to complete the construction, while incurred construction cost of the construction work is RMB113,800,000 as at the date of valuation.

7. As advised by the Company, upon completion, a total gross floor area of approximately 12,800 sq.m. of the underground portion of the property will be used for civil air defense.

8. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

    (a) The Group legally owns the land use rights and is entitled to transfer, lease, mortgage or otherwise dispose of the land use rights within the entitled period of land-using.

9. We have prepared our valuation based on the following assumptions:

    (a) the property is sold on "as-is" condition;

    (b) the Group is in possession of a proper title to the property and is entitled to occupy, use, develop, lease, mortgage and transfer the property with the residual term of its land use rights to either local or overseas purchasers at no extra land premium or other onerous payment payable to the relevant authorities;

    (c) the proposed use of the property is in compliance with the planning land use;

    (d) all land premium, costs of resettlement and provision of public utilities have been fully settled; and

(e) the design and construction of the property are in compliance with the local planning and building regulations and have been approved by the relevant authorities.

10. A summary of major certificates/approvals is shown as follows:

(a)	State-owned Land Use Rights Grant Contract	Yes
(b)	State-owned Land Use Rights Certificate	Yes
(c)	Construction Land Use Planning Permit	Yes
(d)	Construction Works Planning Permit	Yes
(e)	Construction Works Commencement Permit	Yes
(f)	Construction Works Completion Certificated Report	N/A

VALUATION CERTIFICATE

Group IV – Property interests held by the Group for future development in the PRC

	Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
19.	Reserved land (Plot A1 and A2) of Hangzhou International Office Center (IOC)（杭州國際辦公中心）, Feng Two, Li One and Li Two, Ningwei Town, Xiaoshan District, Hangzhou City, Zhenjiang Province, the People's Republic of China The property is located in the Qianjiang Century Town on the south bank of the Qiantang River, facing Qianjiang New Town to the north bank.	The property is several parcels of land for commercial services use with a total site area of approximately 53,550 sq.m.. As advised by the Group, the proposed development will comprise hotel, retail and office portions with a total aboveground gross floor area of approximately 364,000 sq.m. and a total underground gross floor area of approximately 106,428 sq.m., including 2,993 underground car parking spaces. The gross floor area breakdown is as below:	The property is currently several parcels of vacant land.	3,433,000,000 (100% interests attributable to the Group: 3,433,000,000)

Portion	Gross Floor Area *(sq.m.)*
Plot A1	
Aboveground	
Hotel	45,000
Retail	45,000
Office	196,000
Sub-total:	286,000
Underground	55,838
(Inc. civil air defense)	15,628
Plot A2	
Aboveground	
Hotel	56,500
Retail	21,500
Sub-total:	78,000
Underground	50,590
(Inc. civil air defense)	6,239
Total:	**470,428**

Property	Description and tenure	Details of occupancy	Capital value in existing state as at 28 February 2014 *(RMB)*
	International Office Center (IOC) ("the Development") occupying a site with a total land area of approximately 92,610.3 sq.m. ("the Site") is a large-scale integrated commercial development, which will be developed with a total gross floor area of approximately 798,794.56 sq.m., including hotel, office, retail and serviced apartment portions. The property is held under a State-owned Land Use Rights Certificate for commercial services use with a land use rights term expiring on 15 February 2047.		

Notes:

1. Pursuant to the State-owned Land Use Rights Grant Contract Xiao Tu He Zi [2007] Chu No.06 dated 15 February 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sq.m., have been contracted to be granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. with a land use rights term of 40 years for commercial services use at a total consideration of RMB208,880,000.

2. Pursuant to the State-owned Land Use Rights Certificate Hang Xiao Guo Yong (2007) No.0800034 dated 30 August 2007, the land use rights of the Site, where the property is located therein, with a total site area of approximately 92,610.3 sq.m., have been granted to Henlly Enterprise Management (Hangzhou) Co., Ltd. for commercial services use with a land use rights term expiring on 15 February 2047.

3. As advised by the Company, upon completion, a total gross floor area of approximately 21,867 sq.m. of the underground portion of the property will be used for civil air defense.

4. We have been provided with a legal opinion on the property prepared by the Group's PRC legal adviser, which contains, inter alia, the following information:

   (a) The Group has paid the land premium in respect of the Site in full and pursuant to the State-owned Land Use Rights Certificate, the Group has acquired the land use rights to the Site except for those portions which have been sold and transferred. During the term of the land use rights, the Group is entitled to occupy, use, transfer, mortgage, lease or otherwise dispose of the Site except for those portions which have been mortgaged. In respect of the portions of the Site which have been mortgaged, the Group is entitled to occupy and use. Transfer, lease, mortgage or other dispose of such portions shall be subject to the prior consent from the mortgagee;

   (b) The Group legally has the building ownership to the property. The Group is entitled to occupy, use, lease or mortgage the property; and

(c) The following portions of the property and the Site are subject to mortgages:

Corresponding Realty Title Certificate Number	Encumbrance No.	Date of Instruments	Creditor
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sq.m.)	2013 Nian Gu Dai Di Zi No.002-1	4 May 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch
Hang Xiao Guo Yong (2007) No.0800034 (92,610.3 sq.m.)	2013 Nian Gu Dai Di Zi No.003	23 September 2013	China Merchants Bank Limited Hangzhou Xiaoshan Sub-branch

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Disclosure of interests of Directors

As of the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Number of shares held and nature of interest in the Company:

Name of Director	**Capacity**	**Number and class of securities held** *(Note 1)*	**Approximate percentage of interest**
Mr Shi Kancheng	Interest of controlled corporation *(Note 2)*	1,628,760,000 Shares (L)	68.79%

Notes:

1. The letter "L" denotes the Director's long position in the securities of the Company.

2. These Shares were held by Whole Good, the entire issued share capital of which is solely and beneficially owned by Mr Shi Kancheng.

Long positions in underlying Shares of the Company:

Name of Director	Capacity	Number of underlying Shares held *(Note)*	Approximate percentage of the Company's issued share capital
Mr Shi Kancheng	Beneficial owner	5,183,720	0.22%
Ms Shen Tiaojuan	Beneficial owner	2,641,860	0.11%
Mr Lou Yifei	Beneficial owner	2,421,705	0.10%
Mr Zhang Jiangang	Beneficial owner	2,421,705	0.10%
Professor Pei Ker Wei	Beneficial owner	660,465	0.03%
Dr Loke Yu	Beneficial owner	660,465	0.03%

Note: These represent the number of Shares which may fall to be allotted and issued to the respective Directors upon the exercise of the share options granted to each of them pursuant to the share option scheme adopted by the Company on 15 May 2009.

Number of shares held and nature of interest in associated corporation of the Company:

Name of Director	Name of the associated corporation of the Company	Capacity	Number and class of securities held *(Note)*	Approximate percentage of interest
Mr Shi Kancheng	Whole Good	Beneficial owner	1 share of US$1.00 (L)	100%

Note: The letter "L" denotes the long position in the securities of the company.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest and short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(b) Disclosure of interests of substantial Shareholders

As of the Latest Practicable Date, so far as is known to the Directors, the following person, other than a Director or the chief executive of the Company, had an interest or a short position in the Shares and underlying Shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other members of the Group, were as follows:

Name	Company/Name of Group member	Capacity/ nature of interest	Capital/number of Shares held *(Note 1)*	Approximate percentage of interest
Whole Good	The Company	Beneficial owner *(Note 2)*	1,628,760,000 (L)	68.79%
Xiaoshan Yunzhongxia	Zhejiang Zhong An	Beneficial owner	RMB5 million registered capital (L)	10.00%
Ideal International Holdings Group Limited* (理想國際控股集團有限公司)	Hangzhou Anyuan Property Development Co., Ltd. (杭州安源房地產開發有限公司)	Beneficial owner	RMB49 million registered capital (L)	49.00%
Hangzhou Zhongqiang	Zhong An Property Development Xiaoshan	Beneficial owner	RMB200,000 registered capital (L)	10.00%
Wan Mengping (萬夢萍)	Hangzhou Jia Ju Le Housekeeping Service Co., Ltd.* (杭州眾安佳居樂家政服務有限公司)	Beneficial owner	RMB600,000 registered capital (L)	20.00%
Shenzhen International Image Construction Design Co., Ltd.* (深圳市國際印象建築設計有限公司)	Hangzhou Zhong'an Image Construction Design Co., Ltd.* (杭州眾安印象建築工程設計公司)	Beneficial owner	RMB490,000 registered capital (L)	49.00%
Tonglu County Tourism Investment Development Co., Ltd.* (桐廬縣旅遊投資開發有限公司)	Tonglu Development JV	Beneficial owner	RMB15 million registered capital (L)	15.00%

Notes:

1. The letter "L" denotes the person's long position in the securities of the Company or registered capital of the relevant member of the Group.

2. These Shares were held by Whole Good, the entire issued share capital of which is solely and beneficially owned by Mr Shi Kancheng.

Save as disclosed above, as of the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person (other than a Director or the chief executive of the Company) who had an interest or a short position in the Shares, or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other members of the Group.

(c) Directors' service contracts

As of the Latest Practicable Date, none of our Directors has or is proposed to have a service contract with the Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

(d) Interest in contracts and arrangements

None of the Directors had material interest in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

(e) Interest in competing business

To the best of the knowledge of the Directors, none of the Directors or their respective associates has any interest in a business, which competes or may compete with the business of the Group.

(f) Interest in assets

As of the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any asset which has since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

3. LITIGATION

As of the Latest Practicable Date, so far as is known to the Directors, neither the Company nor any of its subsidiaries are/is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to the Directors to be pending or threatened by or against the Company, that would have a material adverse effect on its results of operations or financial condition.

4. EXPERT

The following is the qualification of the expert who has given, or agreed to the inclusion of, its opinion or advice in this circular:–

Name	Qualification
Celestial Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) of the regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Shareholders in connection with the Proposed Spin-off
CBRE Limited	Professional surveyor
Jincheng Tongda & Neal	Qualified PRC lawyers

As of the Latest Practicable Date, each of Celestial Capital Limited, CBRE Limited and Jincheng Tongda & Neal did not have any beneficial interest in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group, nor did it have any direct or indirect interest in any asset which has since 31 December 2013, being the date to which the latest published audited financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of Celestial Capital Limited, CBRE Limited and Jincheng Tongda & Neal has given, and has not withdrawn, its written consent to the issue of this circular with the inclusion of its letter and/or summary of valuations (as the case maybe) and reference to its name in the form and context in which it appears.

5. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business, were entered into by the Group within two years immediately preceding the date of this circular and are or may be material:

(a) an equity transfer agreement dated 16 April 2013 entered into between (i) Hangzhou Danube as vendor and (ii) Zhejiang Zhong An as purchaser; and a supplemental equity transfer agreement dated 23 October 2013 entered into between (i) Hangzhou Danube and (ii) Zhejiang Zhong An for the acquisition by Zhejiang Zhong An of the 75% equity interest in Hangzhou Zheng Jiang in consideration and in exchange for Zhejiang Zhong An transferring to Hangzhou Danube its 100% equity interest in Hangzhou Puluo Tuosi Investment Management Co., Ltd.*（杭州普羅托斯投資管理有限公司）;

(b) a demerger agreement dated 24 June 2013 signed by (i) Yuyao Zhong'an Property, (ii) Yuyao Times Square Property, (iii) Zhejiang Zhong An and (iv) Hong Kong Hui Yuan in respect of the demerger of Yuyao Zhong'an Property, the establishment of Yuyao Times Square Property, the change in the registered capital of Yuyao Zhong'an Property, and the allocation of assets and liabilities between Yuyao Zhong'an Property and Yuyao Times Square Property;

(c) a demerger agreement dated 26 June 2013 signed by (i) Yuyao Property Development and (ii) Yuyao Times Square Development in respect of the demerger of Yuyao Property Development, the establishment of Yuyao Times Square Development, the change in the registered capital of Yuyao Property Development, and the allocation of assets and liabilities between Yuyao Property Development and Yuyao Times Square Development;

(d) a demerger agreement dated 14 August 2013 signed by (i) Zhejiang Zhong An, (ii) Zhong An Shenglong, (iii) Qirui Enterprise and (iv) Xiaoshan Yunzhongxia in respect of the demerger of Zhejiang Zhong An, the establishment of Zhong An Shenglong, the change in the registered capital of Zhejiang Zhong An, and the allocation of equity interests in the then subsidiaries of Zhejiang Zhong An, land use rights and related properties, and assets and liabilities between Zhejiang Zhong An and Zhong An Shenglong;

(e) a demerger agreement dated 29 September 2013 signed by (i) Qirui Enterprise and (ii) Qirui Management; and a supplemental demerger agreement dated 30 September 2013 signed by (i) Qirui Enterprise and (ii) Qirui Management in respect of the demerger of Qirui Enterprise, the establishment of Qirui Management, the change in the registered capital of Qirui Enterprise, and the allocation of equity interest in Zhong An Shenglong, and assets and liabilities between Qirui Enterprise and Qirui Management;

(f) an equity transfer agreement dated 1 November 2013 entered into between (i) Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong of the 49% equity interests in Shanghai Zhong An Property Development at the cash consideration of RMB4.9 million;

(g) a demerger agreement dated 18 November 2013 signed by (i) Cixi Property Development and (ii) New Cixi Zhongan in respect of the demerger of Cixi Property Development, the establishment of New Cixi Zhongan, the change in registered capital of Cixi Property Development, and the allocation of land use rights, assets and liabilities between Cixi Property Development and New Cixi Zhongan;

(h) an equity transfer agreement dated 19 November 2013 entered into between (i) Anhui Zhong An Real Estate Co., Ltd*（安徽眾安實業有限公司）as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong of the 10% equity interests in Highlong Commercial Buildings at the cash consideration of RMB200,000;

(i) an equity transfer agreement dated 28 February 2014 entered into between (i) Zhejiang Zhong An as vendor and (ii) Zhong An Shenglong as purchaser for the acquisition by Zhong An Shenglong of the entire equity interests in New Cixi Zhongan at the consideration of RMB50 million;

(j) a share purchase agreement dated 3 March 2014 entered into between (i) Ideal World as vendor and (ii) China New City as purchaser for the acquisition by China New City the entire issued share capital of Huijun International from Ideal World, in consideration of and in exchange for China New City (a) crediting as fully paid at par the 1,000,000 nil-paid CNC Shares then held by Ideal World; and (b) allotting and issuing, credited as fully paid, 400,000 new CNC Shares to Ideal World;

(k) an equity transfer agreement dated 13 March 2014 entered into between (i) Ideal World as vendor and (ii) China New City as purchaser; and a supplemental equity transfer agreement of even date entered into between (i) Ideal World and (ii) China New City for the acquisition by China New City the 75% equity interest in Henlly Enterprise from Ideal World, in consideration of and in exchange for China New City allotting and issuing, credited as fully paid, 300,000 new CNC Shares to Ideal World;

(l) the Cooperation Agreement dated 16 March 2014 entered into between (i) Yuyao Zhong'an Property and (ii) Yuyao Times Square Property, for the appointment of Yuyao Zhong'an Property as an exclusive project manager to provide overall management and supervision of the ongoing construction and development of the Times Square Residential Portion in consideration for Yuyao Times Square Property to pay the net sales proceeds from the sale of the Times Square Residential Portion to Yuyao Zhong'an Property as service fee;

(m) an equity transfer agreement dated 18 March 2014 entered into between (i) Ideal World as vendor and (ii) China New City as purchaser; and a supplemental equity transfer agreement of even date entered into between (i) Ideal World and (ii) China New City for the acquisition by China New City the 100% equity interest in Qirui Management from Ideal World, in consideration of and in exchange for China New City allotting and issuing, credited as fully paid, 300,000 new CNC Shares to Ideal World;

(n) the Land Acquisition Agreement dated 20 March 2014 entered into between (i) Anhui Zhong An Real Estate as transferor and (ii) Hangzhou Huihong as transferee, for the acquisition of the land located on which the VC Hotel is situated together with the buildings under construction thereon, at the consideration of RMB234 million;

(o) the Pre-opening Management Agreement dated 20 March 2014 entered into between (i) Anhui Zhong An Real Estate as owner and (ii) Hefei Holiday Inn as manager for the appointment of Hefei Holiday Inn as an exclusive project manager to provide overall management and supervision of the ongoing construction and development of the VC Hotel;

(p) an equity transfer agreement dated 20 March 2014 entered into between (i) Hong Kong Hui Yuan as transferor and (ii) Huijun International as transferee for the acquisition by Huijun International of the 30% equity interest in Yuyao Times Square Property in consideration of and in exchange for (i) Huijun International transferring to Hong Kong Hui Yuan its 100% equity interest in each of Hangzhou Junjie and Hangzhou Huijun and (ii) Hong Kong Hui Yuan paying a cash consideration for an amount of approximately US$84.9 million (equivalent to approximately RMB618 million) to Huijun International, which represents the net difference between the registered capital of Yuyao Times Square Property, Hangzhou Junjie and Hangzhou Huijun;

(q) an equity transfer agreement dated 18 April 2014 entered into between (i) Huijun International as vendor and (ii) Hong Kong Hui Yuan as purchaser; and a supplemental equity transfer agreement of even date entered into between (i) Huijun International and (ii) Hong Kong Hui Yuan for the transfer by Huijun International of its 100% equity interest in Hangzhou Junjie as referred to in sub-paragraph (p); and

(r) an equity transfer agreement dated 20 April 2014 entered into between (i) Huijun International as vendor and (ii) Hong Kong Hui Yuan as purchaser; and a supplemental equity transfer agreement of even date entered into between (i) Huijun International and (ii) Hong Kong Hui Yuan for the transfer by Huijun International of its 100% equity interest in Hangzhou Huijun as referred to in sub-paragraph (p).

6. MISCELLANEOUS

(a) The Company's branch share registrar and transfer office in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(b) The secretary of the Company is Mr Lam Yau Yiu. He is a fellow member of Hong Kong Institute of Certified Public Accountant and Association of Chartered Certified Accountants.

(c) All references to times and dates in this circular refer to Hong Kong times and dates.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the office of the Company at Room 4006, 40th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong, from the date of this circular up to and including the date of the EGM:

(a) the memorandum of association of the Company and the Articles;

(b) the annual reports of the Company for each of the two years ended 31 December 2013;

(c) the letter from the Independent Board Committee, the text of which is set out on pages 69 to 70 of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out on pages 71 to 110 of this circular;

(e) the valuation report (including a letter, a summary of valuation and the valuation certificate) prepared by CBRE Limited, the texts of which are set out in Appendix II of this circular;

(f) the material contracts referred to in the sub-paragraph headed "5. Material Contracts" of this Appendix; and

(g) the written consent referred to in the sub-paragraph headed "4. Expert" of this Appendix.

ZHONG AN REAL ESTATE LIMITED

眾安房產有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of Zhong An Real Estate Limited (the "**Company**") will be held at 9:30 a.m. on Friday, 30 May 2014 at Conference Room 4, 4/F., Holiday Inn Xiaoshan Hangzhou, 688 Shanyin Road, Xiaoshan District, Hangzhou, Zhejiang Province, the PRC for the purpose of considering and, if thought appropriate, approving the following ordinary resolution:

ORDINARY RESOLUTION

"**THAT** the proposed spin-off ("**Proposed Spin-off**") of China New City Commercial Development Limited（中國新城市商業發展有限公司）("**China New City**" which, together with its subsidiaries, the "**CNC Group**") and separate listing of the shares of China New City (the "**CNC Shares**") as more particularly described in the circular of the Company dated 14 May 2014 (the "**Circular**"), a copy of which having been produced to the meeting and marked "A" and despatched to the shareholders of the Company of which the notice convening this meeting forms part and produced to the meeting and for the purpose of identification signed by the Chairman, subject to any variations or changes which are considered by the Company's directors not to be material, which constitutes a deemed disposal (within the meaning under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**")) of the Company's interest in China New City, subject to the approval of the Proposed Spin-off being granted by the Stock Exchange, be and is hereby approved and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions and arrangements in connection therewith or contemplated thereunder (including but not limited to the relevant deed of indemnity, non-compete undertakings, stock borrowing agreement and underwriting agreements and other transactions and agreements to be entered into by the Company as more particularly described in the Circular) as may be necessary or expedient in order to give effect to the Proposed Spin-off."

By order of the Board
Zhong An Real Estate Limited
Shi Kancheng
Chairman

Hong Kong, 14 May 2014

Registered office:
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:
Room 4006, 40th Floor
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint another person as his/her proxy to attend and vote in his/her stead. A member who is the holder of two or more shares (the "**Shares**") in the Company may appoint more than one proxy to represent him/her and vote on his/her behalf at the EGM. A proxy need not be a member of the Company.

2. In the case of joint holders of Shares, any one of such joint holders may vote, either in person or by proxy, in respect of such Shares as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM, personally or by proxy, that one of the said persons so present whose name stands first in the register in respect of such Shares shall alone be entitled to vote in respect thereof.

3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorised, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM (or any adjournment thereof).

4. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the EGM or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.

5. To ascertain the Company's shareholders' eligibility to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 29 May 2014 to Friday, 30 May 2014, both days inclusive, during which no transfer of Shares will be effected. In order to qualify to attend and vote at the EGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's branch registrar and transfer office in Hong Kong at the address stated in note 3 above no later than 4:30 p.m. on Wednesday, 28 May 2014 for registration.

6. The resolution set out in this notice will be voted by way of poll.

7. In the case of inconsistency between the Chinese translation and the English text thereof, the English text will prevail.

As of the date of this notice, the executive directors of the Company are Mr Shi Kancheng, Mr Lou Yifei, Ms Shen Tiaojuan and Mr Zhang Jiangang and the independent non-executive directors of the Company are Professor Pei Ker Wei, Dr Loke Yu and Mr Zhang Huaqiao.