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众安房产
ZHONG AN REAL ESTATE

眾安房產有限公司
ZHONG AN REAL ESTATE LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock code: 672)

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
AND
CLOSURE OF REGISTER OF MEMBERS

This announcement is made pursuant to Chapter 14 and PN15 of the Listing Rules.

PROPOSED SPIN-OFF

Reference is made to the Previous Announcements in relation to 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. 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 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. 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.

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 approximately 73.1% immediately following implementation of the Proposed Spin-off, and will be further reduced to approximately 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.

A circular containing, among others, further details of the Proposed Spin-off and the Preferential Offering, a letter of advice from the Independent Board Committee, a letter of advice from the Independent Financial Adviser on the Proposed Spin-off as well as 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, will be despatched to Shareholders on 14 May 2014.

If the Proposed Spin-off is approved at the EGM, a **BLUE** Application Form together with a copy of the CNC Prospectus will be despatched to each Qualifying Shareholder.

As at the date of this announcement, the Board and the board of directors of China New City have not yet finalized whether and when the Proposed Spin-off and the Global Offering will be effected. The final decisions of the Board and of the board of directors of China New City to proceed with the Proposed Spin-off and the Global Offering are dependent upon, among others, market conditions during the period leading up to the proposed Global Offering. There is no assurance that the approval of the Proposed Spin-off and the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange will be granted by the Stock Exchange.

GENERAL

Shareholders should note that the Company may or may not proceed with the Proposed Spin-off. 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.

THE PROPOSED SPIN-OFF

The Proposed Spin-off

Reference is made to the Previous Announcements in relation to, inter alia, the possibility of the Proposed Spin-off. This announcement is made pursuant to Chapter 14 and PN15 of the Listing Rules.

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. 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 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 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

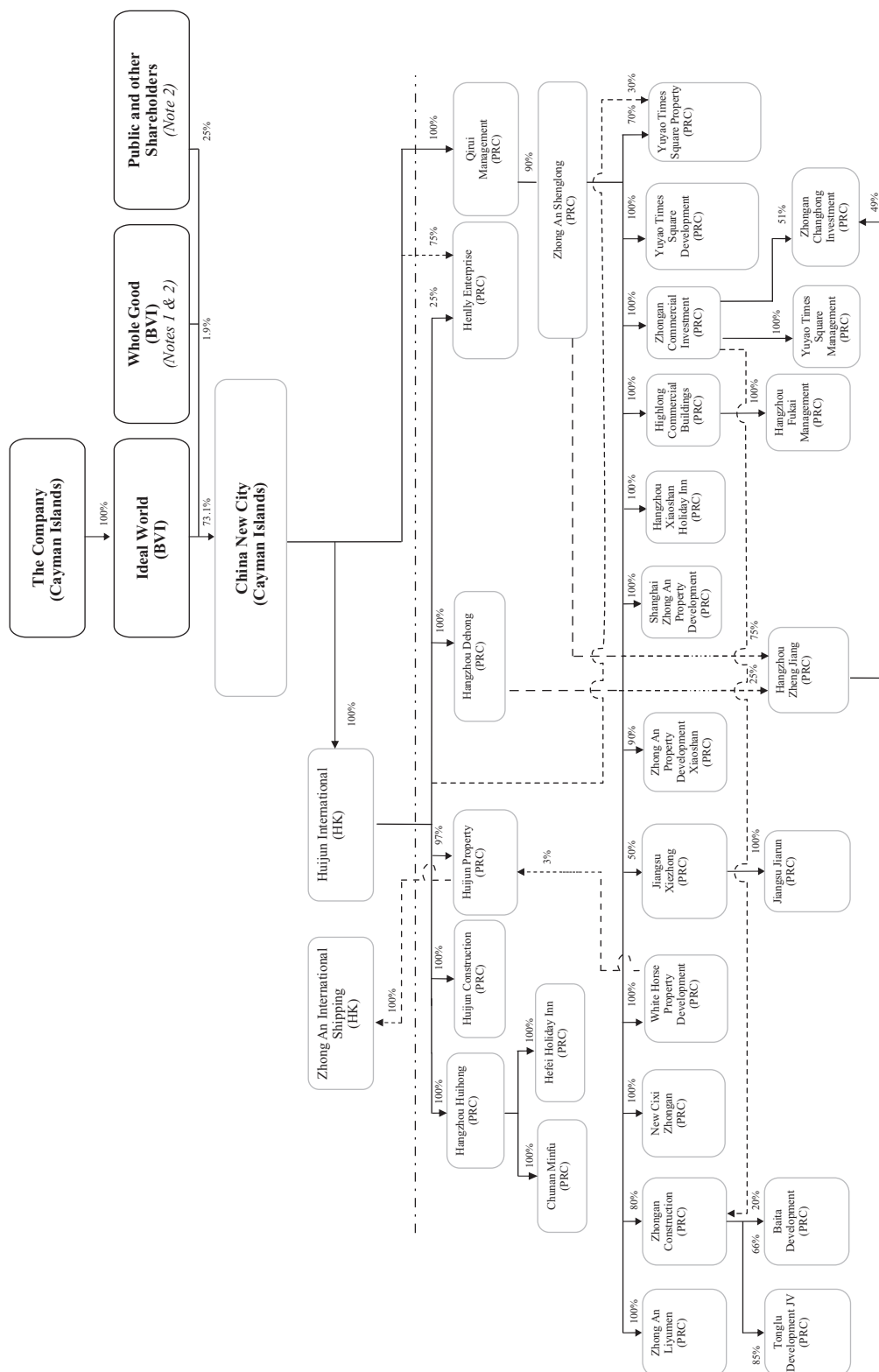
On 30 September 2013, China New City submitted a listing application form (Form A1) to the Stock Exchange for an application for the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange. Members of the CNC Group will remain as non-wholly owned subsidiaries of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

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 announcement 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 date of this announcement, 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. 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.

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.

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 set out in the Non-compete Undertakings, 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.

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 date of this announcement, 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 approximately 73.1% immediately following implementation of the Proposed Spin-off, and will be further reduced to approximately 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.

CLOSURE OF REGISTER

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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong 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, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong 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.

EXPECTED TIMETABLE

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.

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.

CIRCULAR

A circular containing, among others, further details of the Proposed Spin-off and the Preferential Offering, a letter of advice from the Independent Board Committee, a letter of advice from the Independent Financial Adviser on the Proposed Spin-off as well as 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, will be despatched to Shareholders on 14 May 2014.

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.

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 all Qualifying Shareholders (including Whole Good, an associate of Mr Shi, being a non-executive director of China New City and a connected person of the Company, who is a Qualifying Shareholder) will be entitled to participate in the Preferential Offering.

As at the date of this announcement, the Board and the board of directors of China New City have not yet finalized whether and when the Proposed Spin-off and the Global Offering will be effected. The final decisions of the Board and of the board of directors of China New City to proceed with the Proposed Spin-off and the Global Offering are dependent upon, among others, market conditions during the period leading up to the proposed Global Offering. There is no assurance that the approval of the Proposed Spin-off and the listing of, and permission to deal in, the CNC Shares on the Main Board of the Stock Exchange will be granted by the Stock Exchange.

Shareholders should note that the Company may or may not proceed with the Proposed Spin-off. 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.

DEFINITIONS

“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
“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
“CNC Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, in the context of this announcement, 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
“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
“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 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 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
“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.* (杭州眾安恒隆商廈有限公司), 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 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
“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 announcement, 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
“Previous Announcements”	the announcements of the Company dated 21 June 2013, 30 September 2013 and 28 February 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 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
“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

“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 Securities Act”	the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“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 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
“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 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 announcement 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 “”.*

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

The PRC, 14 May 2014

As at the date of this announcement, 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.