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众安集团
ZHONG AN GROUP

眾安集團有限公司
Zhong An Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 672)



中国新城市
China New City

China New City Commercial
Development Limited

中國新城市商業發展有限公司

*(incorporated in the Cayman Islands
with limited liability)*

(Stock code: 1321)

JOINT ANNOUNCEMENT

**(1) AMENDMENTS TO THE
EXISTING NON-COMPETE
UNDERTAKINGS
AND
(2) DISCLOSEABLE
TRANSACTIONS IN RELATION
TO THE PROPOSED TRANSFERS**

**(1) CONNECTED
TRANSACTION IN RELATION
TO AMENDMENTS TO THE
EXISTING NON-COMPETE
UNDERTAKINGS
AND
(2) DISCLOSEABLE AND
CONNECTED TRANSACTIONS IN
RELATION TO THE PROPOSED
TRANSFERS**

**CNC Independent Financial Adviser
to CNC Independent Board Committee
and CNC Independent Shareholders**



SOMERLEY CAPITAL LIMITED

AMENDMENTS TO THE EXISTING NON-COMPETE UNDERTAKINGS

Reference is made to the Existing Non-Compete Undertakings entered into on 31 May 2014 among the CNC Controlling Shareholders and China New City.

On 3 February 2021, each of the CNC Controlling Shareholders and China New City entered into the Amended Non-Compete Undertakings to amend the Existing Non-Compete Undertakings to allow any member of the Remaining Zhong An Group to engage in property management business (including but not limited to residential, commercial or mixed commercial-residential use properties and related ancillary services and for the avoidance of doubt, does not include operations and management of hotel and cinema) in the PRC.

PROPOSED TRANSFERS OF COMPANIES ENGAGING IN COMMERCIAL PROPERTY MANAGEMENT BUSINESS FROM THE CNC GROUP TO THE REMAINING ZHONG AN GROUP

On 3 February 2021, the Purchaser, an indirect wholly-owned subsidiary of Zhong An, entered into SPA A, SPA B and SPA C with, among others, Bright (Hong Kong), Zhong An Shenglong and Zhong An Commercial, respectively. Pursuant to the Sale and Purchase Agreements, the Purchaser conditionally agreed to purchase and Bright (Hong Kong), Zhong An Shenglong and Zhong An Commercial conditionally agreed to sell the entire equity interests of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli, respectively at an aggregate consideration of RMB104.65 million (equivalent to approximately HK\$125.58 million).

The Amended Non-Compete Undertakings and the Proposed Transfers are inter-conditional and completion of the Amended Non-Compete Undertakings and the Proposed Transfers shall take place simultaneously.

The Target Companies represent the CNC Group's entire operation in commercial property management business. Upon completion of the Amended Non-Compete Undertakings and the Proposed Transfers which shall take place simultaneously, the Target Companies will cease to be subsidiaries of China New City and the CNC Group will no longer be engaged in any property management business in the PRC. The Target Companies will become indirect wholly-owned subsidiaries of the Remaining Zhong An Group and their respective financial results will continue to be consolidated into the consolidated financial statements of the Zhong An Group.

LISTING RULES IMPLICATIONS

The Amended Non-Compete Undertakings

As China New City is only a subsidiary but not a connected subsidiary of Zhong An, the entering into of the Amended Non-Compete Undertakings does not constitute a connected transaction of Zhong An under Chapter 14A of the Listing Rules.

As China New City is an indirect non-wholly owned subsidiary of Zhong An and each of Mr. Shi, Whole Good, Zhong An and Ideal World is a CNC Controlling Shareholder, therefore each of them is a connected person of China New City. The entering into of the Amended Non-Compete Undertakings among the CNC Controlling Shareholders and China New City constitutes a connected transaction of China New City and is therefore subject to the reporting, announcement and approval by the CNC Independent Shareholders under Chapter 14A of the Listing Rules.

The Proposed Transfers

As each of the Vendors is only a subsidiary of China New City and Zhong An and the Vendors are not connected subsidiaries of Zhong An, the entering into of the Proposed Transfers does not constitute connected transactions of Zhong An under Chapter 14A of the Listing Rules.

As Zhong An is a CNC Controlling Shareholder and the Purchaser is an indirect wholly-owned subsidiary of Zhong An, therefore, from the perspective of China New City, the Purchaser is an associate of Zhong An, and hence a connected person of China New City at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. In addition, as the Sale and Purchase Agreements are inter-conditional, the Proposed Transfers are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Proposed Transfers exceed 5%, the Proposed Transfers constitute non-exempt connected transactions for China New City under the Listing Rules and are subject to the reporting, announcement and approval by the CNC Independent Shareholders under Chapter 14A of the Listing Rules.

As the Sale and Purchase Agreements are inter-conditional, the Proposed Transfers are aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Proposed Transfers for both Zhong An and China New City exceeds 5% but are all less than 25%, the Proposed Transfers constitute discloseable transactions for each of Zhong An and China New City under the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

CNC Independent Board Committee comprising all the independent non-executive directors of China New City has been formed to advise the CNC Independent Shareholders on the terms of the Amended Non-Compete Undertakings and the Proposed Transfers.

Somerley Capital Limited has been appointed as CNC Independent Financial Adviser to advise CNC Independent Board Committee and CNC Independent Shareholders in this regard. China New City will despatch a circular containing, among other things, (i) information about the Amended Non-Compete Undertakings and the Proposed Transfers; (ii) a letter from CNC Independent Board Committee; (iii) a letter from CNC Independent Financial Adviser; and (iv) a notice to convene the CNC EGM to the shareholders of China New City on or about 19 February 2021.

Shareholders and potential investors of Zhong An and China New City should note that completion of the transactions contemplated under the Amended Non-Compete Undertakings and the Proposed Transfers are subject to the satisfaction of the conditions precedent therein. As the transactions may or may not proceed, shareholders and potential investors of Zhong An and China New City are advised to exercise caution when dealing in Zhong An Shares and/or CNC Shares.

(1) AMENDMENTS TO THE EXISTING NON-COMPETE UNDERTAKINGS

Reference is made to the Existing Non-Compete Undertakings entered into on 31 May 2014 among the CNC Controlling Shareholders and China New City. Unless otherwise defined in this joint announcement, capitalised terms used in this section headed “Amendments to the Existing Non-Compete Undertakings” in this joint announcement shall have the same meanings as those defined in the Prospectus.

The Existing Non-Compete Undertakings

China New City is an indirect subsidiary of Zhong An which was spun off as a separate listing entity by Zhong An on the Main Board of the Stock Exchange in 2014. On 31 May 2014, in order to eliminate any potential competition between the Remaining Zhong An Group and the CNC Group during China New City’s listing process, the CNC Controlling Shareholders and China New City entered into the Existing Non-Compete Undertakings.

CNC Controlling Shareholders' Undertakings

Under the Existing Non-Compete Undertakings, each of the CNC Controlling Shareholders irrevocably and unconditionally undertake on joint and several basis to China New City that during the period commencing from the Listing Date and until the earlier of (i) in respect of a CNC Controlling Shareholder, the day on which the CNC Controlling Shareholder concerned (individually or taken as a whole with the other CNC Controlling Shareholders) ceases to be a controlling shareholder (within the meaning ascribed to it under the Listing Rules from time to time) for the purpose of the Listing Rules; or (ii) the date on which CNC Shares shall cease to be listed on the Stock Exchange or (if applicable) other stock exchange (the “**Relevant Period**”), each of the CNC Controlling Shareholders shall, and shall procure that his/its associates (other than the CNC Group) to:

- (a) save for the Excluded Business (as defined below), not, directly or indirectly, carry on, invest in or be engaged in the Restricted Business of the Remaining Zhong An Group (as defined under the section headed “the Amended Non-Compete Undertakings” in this joint announcement);
- (b) not solicit any existing or then existing employee of the CNC Group for employment by it or its respective associates (excluding the CNC Group);
- (c) not, without the consent from 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 of China New City for the purpose of competing with the Restricted Business of the Remaining Zhong An Group;
- (d) in respect of any proposals received by any of the CNC Controlling Shareholders 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 China New City and provide China New City 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
- (e) not carry on, invest in or be engaged in any proposals received by any of the CNC Controlling Shareholders or their respective associates (excluding the CNC Group) as referred to in paragraph (d) of the above in any event, whether the CNC Group has decided to take up the opportunity under such proposal(s) or not.

China New City's Undertakings

Under the Existing Non-Compete Undertakings, China New City irrevocably and unconditionally undertakes to each of the CNC Controlling Shareholders that during the Relevant Period, China New City shall, and shall procure that its associates (other than the CNC Controlling Shareholders and the Remaining Zhong An Group) to:

- (a) save for the Excluded Business, not, directly or indirectly, carry on, invest in or be engaged in the Restricted Business of the CNC Group (as defined under the section headed “the Amended Non-Compete Undertakings” in this joint announcement);
- (b) not solicit any existing or then existing employee of the Remaining Zhong An Group for employment by it or its respective associates (excluding the Remaining Zhong An Group);
- (c) not, without the consent from Zhong An, make use of any information pertaining to the business of the Remaining Zhong An Group which may have come to China New City’s knowledge in its capacity as subsidiary of Zhong An for the purpose of competing with the Restricted Business of the CNC Group;
- (d) in respect of any proposals received by members of the CNC Group or their 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 relevant member of the CNC Group or its associates to contact the Remaining Zhong An Group directly regarding the proposal; and
- (e) not carry on, invest in or be engaged in any proposals received by the relevant member of the CNC Group or its associates (excluding the Remaining Zhong An Group) as referred to in paragraph (d) of the above in any event, whether the Remaining Zhong An Group has decided to take up the opportunity under such proposal(s) or not.

Excluded Business

The excluded business (the “**Excluded Business**”) as referred to under the Existing Non-Compete Undertakings means:

- (a) 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 Existing Non-Compete Undertakings;

- (b) 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;
- (c) 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;
- (d) 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 GFA of these shops to which the relevant residential property project relates shall not exceed 10% of the planned total GFA of the relevant residential property project;
- (e) the direct or indirect investments of the CNC Controlling Shareholders and/or their respective associates (excluding the CNC Group) in the Shares or other securities of China New City (but not that of any other member of the CNC Group);
- (f) the CNC Group's existing investment in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement;
- (g) 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;
 - (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.

- (h) 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 Zhong An 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;
 - (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.

For further information on the Existing Non-Compete Undertakings, please refer to pages 392 to 399 of the Prospectus.

Amendments to the Existing Non-Compete Undertakings

Under the Existing Non-Compete Undertakings, the Remaining Zhong An Group is principally engaged in the development, sale of and management of residential properties in the PRC, while the CNC Group is principally engaged in the development, sale of, investment in, and management of commercial properties in the PRC.

Over six years have passed since the CNC Controlling Shareholders and China New City entered into the Existing Non-Compete Undertakings, during which the landscape of the PRC property management market has evolved rapidly. At around the time of the spin-off and listing of China New City, the Existing Non-Compete Undertakings were entered into to create a more defined focus for the CNC Group to be a pure play property developer for commercial properties in the PRC, while the Remaining Zhong An Group to be a pure play property developer for residential properties in the PRC. The directors of Zhong An and China New City are of the view that the Existing Non-Compete Undertakings are not tailored for property management business and do not satisfactorily delineate property management service provided to mixed commercial-residential use properties and restrict the development of the property management business of the CNC Group and the Remaining Zhong An Group.

Zhong An and China New City plan to consolidate all property management business to the Remaining Zhong An Group and such plan will provide the CNC Group with an opportunity to dispose all of its commercial property management business. For details of the reasons, please refer to the section headed “Reasons for and Benefits of the Amended Non-Compete Undertakings and the Proposed Transfers” in this joint announcement.

Pursuant to the Existing Non-Compete Undertakings, each of the CNC Controlling Shareholders has undertaken to China New City that, amongst others, they would not directly or indirectly, carry on, invest in or be engaged in commercial property management business in the PRC. Given the circumstances, the CNC Controlling Shareholders and China New City consider that proposed amendments to the Existing Non-Compete Undertakings have to be incorporated before the commercial property management business can be transferred from the CNC Group to the Remaining Zhong An Group. Upon the Amended Non-Compete Undertakings becoming effective and the Proposed Transfers being materialised, the CNC Group will redirect and focus its resources on commercial property development and property leasing, operations and management of hotel and cinema, and other new emerging business such as education and film and entertainment.

The Amended Non-Compete Undertakings

In view of the above, on 3 February 2021, each of the CNC Controlling Shareholders and China New City entered into the Amended Non-Compete Undertakings to amend the Existing Non-Compete Undertakings, which will supersede and replace in its entirety the Existing Non-Compete Undertakings.

In summary, pursuant to the Amended Non-Compete Undertakings, any member of the Remaining Zhong An Group will be entitled to be engaged in property management business (including but not limited to residential, commercial or mixed commercial-residential use properties and related ancillary services and for the avoidance of doubt, does not include operations and management of hotel and cinema) in the PRC, and the CNC Group will no longer be engaged in any property management business (excluding operations and management of hotel and cinema) in the PRC.

For illustrative purpose, the proposed material amendments to the Existing Non-Compete Undertakings are set out in blackline in the table as follows and such wordings will be adopted in the Amended Non-Compete Undertakings:

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
INTERPRETATION	INTERPRETATION
<p>“Restricted Business of the CNC Group”</p> <p>means 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</p>	<p>“Restricted Business of the CNC Group”</p> <p>means 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 <u>(i) development or sale of or investment in or management of residential properties in the PRC from time to time; and (ii) property management business (including but not limited to residential, commercial or mixed commercial-residential use properties and related ancillary services and for the avoidance of doubt, does not include operations and management of hotel and cinema) in the PRC</u></p>
<p>“Restricted Business of the Remaining Zhong An Group”</p> <p>means 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</p>	<p>“Restricted Business of the Remaining Zhong An Group”</p> <p>means 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 <u>and operations and management of hotel and cinema</u> in the PRC <u>from time to time</u></p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
INTERPRETATION	INTERPRETATION
<p>“Remaining Zhong An Group”</p> <p>means Zhong An and its subsidiaries from time to time, excluding members of the CNC Group; and “member(s) of the Remaining Zhong An Group” shall be construed accordingly;</p>	<p>“Remaining Zhong An Group”</p> <p>means Zhong An and/or its subsidiaries from time to time, excluding members of the CNC Group; and “member(s) of the Remaining Zhong An Group” shall be construed accordingly;</p>
THE CNC CONTROLLING SHAREHOLDERS’ UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS’ UNDERTAKINGS
<p>3.1 In consideration of China New City’s undertakings hereunder, each of the CNC Controlling Shareholders hereby irrevocably and unconditionally undertake on joint and several basis to China New City that during the Relevant Period, each of the CNC Controlling Shareholders shall, and shall procure that his/its associates (other than the CNC Group) to:</p> <p>(a) save for the Excluded Business, not, directly or indirectly, carry on, invest in or be engage in the Restricted Business of the Remaining Zhong An Group;</p>	<p>3.1 In consideration of China New City’s undertakings hereunder, each of the CNC Controlling Shareholders hereby irrevocably and unconditionally undertake on joint and several basis to China New City that during the Relevant Period, each of the CNC Controlling Shareholders shall, and shall procure that his/its associates (other than the CNC Group) to:</p> <p>(a) save for the Excluded Business, not, directly or indirectly, carry on, invest in or be engaged in the Restricted Business of the Remaining Zhong An Group;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>(b) not solicit any existing or then existing employee of the CNC Group for employment by it or its respective associates (excluding the CNC Group);</p> <p>(c) not, without the consent from 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 of China New City for the purpose of competing with the Restricted Business of the Remaining Zhong An Group;</p>	<p>(b) <u>save and except the management team and certain employees of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli whose employment will be transferred pursuant to the Sale and Purchase Agreements</u>, not solicit any existing or then existing employee of the CNC Group for employment by it or its respective associates (excluding the CNC Group);</p> <p>(c) not, without the consent from 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 of China New City for the purpose of competing with the Restricted Business of the Remaining Zhong An Group;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>(d) in respect of any proposals received by any of the CNC Controlling Shareholders 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 China New City and provide China New City 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</p> <p>(e) not carry on, invest in or be engaged in any proposals received by any of the CNC Controlling Shareholders or their respective associates (excluding the CNC Group) as referred to in Clause 3.1(d) above in any event, whether the CNC Group has decided to take up the opportunity under such proposal(s) or not.</p>	<p>(d) in respect of any proposals received by any of the CNC Controlling Shareholders 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 China New City and provide China New City 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</p> <p>(e) not carry on, invest in or be engaged in any proposals received by any of the CNC Controlling Shareholders or their respective associates (excluding the CNC Group) as referred to in Clause 3.1 (d) above in any event, whether the CNC Group has decided to take up the opportunity under such proposal(s) or not.</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>3.2 In consideration of China New City's undertakings hereunder:</p> <p>(a) each of the CNC Controlling Shareholders jointly and severally undertakes to China New City that:</p> <p>(i) he or it shall, and procure his/its respective associates (other than the CNC Group) to, provide to the CNC Group and/or the directors (including independent non-executive directors) of China New City from time to time all information necessary for annual review by the independent non-executive directors of China New City with regard to compliance with the terms and conditions of this Deed by the CNC Controlling Shareholders; and</p> <p>(ii) to make an annual declaration as to compliance with the terms and conditions of this Deed in the annual report of China New City.</p>	<p>3.2 In consideration of China New City's undertakings hereunder:</p> <p>(a) each of the CNC Controlling Shareholders jointly and severally undertakes to China New City that:</p> <p>(i) he or it shall, and procure his/its respective associates (other than the CNC Group) to, provide to the CNC Group and/or the directors (including independent non-executive directors) of China New City from time to time all information necessary for annual review by the independent non-executive directors of China New City with regard to compliance with the terms and conditions of this <u>Amended</u> Deed by the CNC Controlling Shareholders; and</p> <p>(ii) to make an annual declaration as to compliance with the terms and conditions of this <u>Amended</u> Deed in the annual report of China New City.</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>(b) Zhong An undertakes to China New City that:</p> <p>(i) Zhong An will have appropriate corporate governance measures to ensure that, in the event that any of its directors and/or their respective associates has material interest in any matter to be deliberated by the board of directors of Zhong An in relation to the compliance and enforcement of this Deed, he/she shall disclose his/her interests to the board of directors of Zhong An and may not vote on the resolution(s) of the board of directors of Zhong An approving the matter and shall not be counted towards the quorum for the voting;</p>	<p>(b) Zhong An undertakes to China New City that:</p> <p>(i) Zhong An will have appropriate corporate governance measures to ensure that, in the event that any of its directors and/or their respective associates has material interest in any matter to be deliberated by the board of directors of Zhong An in relation to the compliance and enforcement of this Amended Deed, he/she shall disclose his/her interests to the board of directors of Zhong An and may not vote on the resolution(s) of the board of directors of Zhong An approving the matter and shall not be counted towards the quorum for the voting;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>(ii) in respect of each of its financial year ending after Listing of the Shares, its shall 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 mechanism set out under Clause 6 has been complied with during such financial year;</p> <p>(iii) it shall provide to China New City from time to time all information necessary for annual review by the auditors and/or independent financial advisers of China New City as referred to in Clause 4.2(b) below; and</p>	<p>(ii) in respect of each of its financial year ending after Listing of the Shares <u>the date on which this Amended Deed takes effect</u>, its it shall 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 mechanism set out under Clause 6 has been complied with during such financial year;</p> <p>(iii) it shall provide to China New City from time to time all information necessary for annual review by the auditors and/or independent financial advisers of China New City as referred to in Clause 4.2 (b)(a) below; and</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS	THE CNC CONTROLLING SHAREHOLDERS' UNDERTAKINGS
<p>(iv) it shall provide to China New City from time to time all information necessary for the independent board committee of China New City to make decision to proceed with the property development on the Mixed-use Land as a Participating Developer and the terms and conditions for the Joint Development.</p>	<p>(iv) it shall provide to China New City from time to time all information necessary for the independent board committee of China New City to make decision to proceed with the property development on the Mixed-use Land as a Participating Developer and the terms and conditions for the Joint Development.</p>
EXCLUDED BUSINESS	EXCLUDED BUSINESS
<p>5.1 For the purpose of this Deed, the Excluded Business as referred to under Clauses 3.1(a), 4.1(a) and 6.1(d) means:</p> <p>(a) 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 Clause 6 below;</p>	<p>5.1 For the purpose of this Amended Deed, the Excluded Business as referred to under Clauses 3.1(a), 4.1(a) and 6.1(d) means:</p> <p>(a) 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 Clause 6 below;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
EXCLUDED BUSINESS	EXCLUDED BUSINESS
<p>(b) 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 CNC Group, and the provision of property management services to CNC Group by Zhong An Management pursuant to the Property Management Agreement for China New City's Hidden Dragon Bay project;</p> <p>(c) 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;</p>	<p>(b) 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 CNC Group, and the provision of property management services to CNC Group by Zhong An Management pursuant to the Property Management Agreement for China New City's Hidden Dragon Bay project;</p> <p>(c)(b) 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;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
EXCLUDED BUSINESS	EXCLUDED BUSINESS
<p>(d) 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 GFA of these shops to which the relevant residential property project relates shall not exceed 10% of the planned total GFA of the relevant residential property project;</p> <p>(e) the direct or indirect investments of the CNC Controlling Shareholders and/or their respective associates (excluding the CNC Group) in the Shares or other securities of China New City (but not that of any other member of the CNC Group);</p> <p>(f) the CNC Group's existing investment in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement;</p>	<p>(d)(c) 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 GFA of these shops to which the relevant residential property project relates shall not exceed 10% of the planned total GFA of the relevant residential property project;</p> <p>(e)(d) the direct or indirect investments of the CNC Controlling Shareholders and/or their respective associates (excluding the CNC Group) in the Shares or other securities of China New City (but not that of any other member of the CNC Group);</p> <p>(f)(e) the CNC Group's existing investment in the Times Square Residential Portion and the transactions contemplated under the Cooperation Agreement;</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
EXCLUDED BUSINESS	EXCLUDED BUSINESS
<p>(g) 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:</p> <p>(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</p> <p>(ii) none of such CNC Controlling Shareholder and/or his/its associates will be the single largest shareholder of that company; and</p> <p>(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.</p>	<p>(g)(f) 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 and/or the Remaining Zhong An Group) whereby:</p> <p>(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</p> <p>(ii) none of such CNC Controlling Shareholder and/or his/its associates will be the single largest shareholder of that company; and</p> <p>(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.</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
EXCLUDED BUSINESS	EXCLUDED BUSINESS
<p>(h) 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 Zhong An and any other member of the Remaining Zhong An Group) whereby:</p> <p>(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</p> <p>(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</p>	<p>(h)<u>(g)</u> 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 Zhong An and any other member of the Remaining Zhong An Group) whereby:</p> <p>(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</p> <p>(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</p>

Existing Non-Compete Undertakings	Amended Non-Compete Undertakings
EXCLUDED BUSINESS	EXCLUDED BUSINESS
(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.	(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.

Other terms of the Amended Non-Compete Undertakings

Other than the material amendments as set out in the above and the related ancillary amendments, other terms remain unchanged as compared to the Existing Non-Compete Undertakings.

Conditions precedent of the Amended Non-Compete Undertakings

The Amended Non-Compete Undertakings are subject to:

- (a) the Zhong An Board having approved (i) the Amended Non-Compete Undertakings and the transactions contemplated thereunder; and (ii) the Proposed Transfers and the transactions contemplated thereunder;
- (b) the CNC Board and the CNC Independent Shareholders at the CNC EGM having approved (i) the Amended Non-Compete Undertakings and the transactions contemplated thereunder; and (ii) the Proposed Transfers and the transactions contemplated thereunder; and
- (c) each of the Sale and Purchase Agreements having become unconditional in all material respects.

If any of the above conditions precedent to the Amended Non-Compete Undertakings is not fulfilled on or before 31 December 2021 (or such later date as may be agreed between the parties), the Amended Non-Compete Undertakings and all rights and obligations thereunder will cease and terminate. In such circumstances, the Existing Non-Compete Undertakings will remain in effect.

Corporate Governance Measures

To ensure compliance of the Amended Non-Compete Undertakings, Zhong An and China New City will continue with the corporate governance measures set out on pages 400 and 401 of the Prospectus, in particular:

- (a) the independent non-executive directors of China New City shall review, at least on an annual basis, the compliance with and enforcement of the terms of the Amended Non-Compete Undertakings by the CNC Controlling Shareholders;
- (b) China New City will disclose any decisions on matters reviewed by the independent non-executive directors of China New City relating to compliance and enforcement of the Amended Non-Compete Undertakings (which include those decisions on matters in relation to joint development on a mixed-use land), either through the annual report or by way of announcement;
- (c) China New City will disclose in the corporate governance report of the annual report on how the terms of the Amended Non-Compete Undertakings have been complied with and enforced;

- (d) in the event that any of the directors of China New City and/or their respective associates has material interest in any matter to be deliberated by the CNC Board in relation to the compliance and enforcement of the Amended Non-Compete Undertakings, he/she shall disclose his/her interests to the CNC Board and may not vote on the resolutions of the CNC 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 of China New City; and
- (e) Zhong An has undertaken to the CNC Group that it will have appropriate corporate governance measures to ensure that, in the event that any of its directors and/or their respective associates has material interest in any matter to be deliberated by the Zhong An Board in relation to the compliance and enforcement of the Amended Non-Compete Undertakings, he/she shall disclose his/her interests to the Zhong An Board and may not vote on the resolution(s) of the Zhong An Board approving the matter and shall not be counted towards the quorum for the voting.

Furthermore, as additional internal control measure, Zhong An and China New City will distribute reminders containing the relevant requirements and restrictions as set out in the Amended Non-Compete Undertakings to the directors, senior management and relevant management team and employees of both the Remaining Zhong An Group and the CNC Group to ensure that they are fully aware of the revised business delineation arrangements (i.e. the Remaining Zhong An Group will be engaged in property management business (including but not limited to residential, commercial or mixed commercial-residential use properties and related ancillary services and for the avoidance of doubt, does not include operations and management of hotel and cinema) in the PRC, while the CNC Group will no longer be engaged in any property management business (excluding operations and management of hotel and cinema) in the PRC).

(2) PROPOSED TRANSFERS OF COMPANIES ENGAGING IN COMMERCIAL PROPERTY MANAGEMENT BUSINESS FROM THE CNC GROUP TO THE REMAINING ZHONG AN GROUP

The Proposed Transfers

On 3 February 2021, the Purchaser, an indirect wholly-owned subsidiary of Zhong An, entered into SPA A, SPA B and SPA C with, among others, Bright (Hong Kong), Zhong An Shenglong and Zhong An Commercial, respectively. Pursuant to the Sale and Purchase Agreements, the Purchaser conditionally agreed to purchase and Bright (Hong Kong), Zhong An Shenglong and Zhong An Commercial conditionally agreed to sell the entire equity interests of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli, respectively at an aggregate consideration of RMB104.65 million (equivalent to approximately HK\$125.58 million).

The Amended Non-Compete Undertakings and the Proposed Transfers are inter-conditional and completion of the Amended Non-Compete Undertakings and the Proposed Transfers shall take place simultaneously.

The Target Companies are principally engaged in provision of commercial property management services in Zhejiang province of the PRC.

Sale and Purchase Agreements

The principal terms of the Sale and Purchase Agreements are set out below:

	SPA A	SPA B	SPA C
Date:	3 February 2021		
Vendor	Bright (Hong Kong), an indirect wholly-owned subsidiary of China New City	Zhong An Shenglong, an indirect non-wholly owned subsidiary of China New City	Zhong An Commercial, an indirect non-wholly owned subsidiary of China New City
Purchaser	Zhong An Zhihui Shenghuo Services Co., Ltd.* (眾安智慧生活服務有限公司), an indirect wholly-owned subsidiary of Zhong An		
Subject matter	The entire equity interest in Zhejiang Runzhou	The entire equity interest in Hangzhou Zhonghong	The entire equity interest in Yuyao Zhongli
Consideration	RMB35.17 million (equivalent to approximately HK\$42.20 million)	RMB57.13 million (equivalent to approximately HK\$68.56 million)	RMB12.35 million (equivalent to approximately HK\$14.82 million)
Basis of consideration	The consideration was determined after arm's length negotiations between the Purchaser and each of the Vendors having taken into account, amongst other things, (i) the valuation of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli of RMB41.01 million (equivalent to approximately HK\$49.21 million), RMB81.42 million (equivalent to approximately HK\$97.71 million) and RMB17.18 million (equivalent to approximately HK\$20.61 million), respectively, based on the price to earnings ratio of comparable transactions, less (ii) dividends which will be paid out of the distributable profits of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli in the amount of RMB5.84 million (equivalent to approximately HK\$7.01 million), RMB24.29 million (equivalent to approximately HK\$29.15 million) and RMB4.83 million (equivalent to approximately HK\$5.79 million), respectively and payable to the respective Vendors on or before the date of completion of the Proposed Transfers.		

Payment

The Purchaser intends to make payment of the aggregate consideration of RMB104.65 million (equivalent to approximately HK\$125.58 million) by the Remaining Zhong An Group's internal financial resources and payable by the Purchaser in the following manner:

(i) in respect of Zhejiang Runzhou:

- a. an amount of RMB29.89 million (equivalent to approximately HK\$35.87 million), which represents approximately 85% of the consideration, shall be paid in cash upon satisfaction (or waiver) of the conditions precedent set out in SPA A to a wholly-owned subsidiary of Bright (Hong Kong) which is a limited liability company established in the PRC; and
- b. an amount of RMB5.28 million (equivalent to approximately HK\$6.33 million), which represents approximately 15% of the consideration, shall be paid in cash within five business days from the date of completion of the Proposed Transfers to a wholly-owned subsidiary of Bright (Hong Kong) which is a limited liability company established in the PRC;

(ii) in respect of Hangzhou Zhonghong:

- a. an amount of RMB48.56 million (equivalent to approximately HK\$58.28 million), which represents approximately 85% of the consideration, shall be paid in cash upon satisfaction (or waiver) of the conditions precedent set out in SPA B to Zhong An Shenglong; and
- b. an amount of RMB8.57 million (equivalent to approximately HK\$10.28 million), which represents approximately 15% of the aggregate consideration, shall be paid in cash within five business days from the date of completion of the Proposed Transfers to Zhong An Shenglong;

	<p>(iii) in respect of Yuyao Zhongli:</p> <ul style="list-style-type: none"> a. an amount of RMB10.50 million (equivalent to approximately HK\$12.60 million), which represents approximately 85% of the consideration, shall be paid in cash upon satisfaction (or waiver) of the conditions precedent set out in SPA C to Zhong An Commercial; and b. an amount of RMB1.85 million (equivalent to approximately HK\$2.22 million), which represents approximately 15% of the aggregate consideration, shall be paid in cash within five business days from the date of completion of the Proposed Transfers to Zhong An Commercial.
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The aggregate consideration is reached after arm's length negotiation between the parties and the directors of Zhong An and China New City consider that the consideration is fair and reasonable and in the interests of Zhong An, China New City and their respective shareholders as a whole.

Conditions precedent of the Sale and Purchase Agreements

The Sale and Purchase Agreements shall take effect upon the satisfaction of the following conditions precedent:

- (a) from the date of the Sale and Purchase Agreements and up to the date of completion of the Proposed Transfers, in relation to the Vendors, (i) there has been no material adverse change which would lead to non-consummation of the Sale and Purchase Agreements; (ii) the representations and warranties from the Vendors are accurate and true in all material respects; and (iii) there has been no material breach of the Sale and Purchase Agreements;

- (b) from the date of the Sale and Purchase Agreements and up to the date of completion of the Proposed Transfers, in relation to the Purchaser, (i) there has been no material adverse change which would lead to non-consummation of the Sale and Purchase Agreements; (ii) the representations and warranties from the Purchaser are accurate and true in all material respects; and (iii) there has been no material breach of the Sale and Purchase Agreements;
- (c) the Zhong An Board having approved (i) the Amended Non-Compete Undertakings and the transactions contemplated thereunder; and (ii) the Proposed Transfers and the transactions contemplated thereunder;
- (d) the CNC Board and the CNC Independent Shareholders at the CNC EGM having approved (i) the Amended Non-Compete Undertakings and the transactions contemplated thereunder; and (ii) the Proposed Transfers and the transactions contemplated thereunder pursuant to the Listing Rules; and
- (e) each of the Sale and Purchase Agreements having become unconditional in all material respects except for the condition therein relating to the other Sale and Purchase Agreements having become unconditional.

Condition (a) above may be waived by the Purchaser and condition (b) above may be waived by the Vendors. Conditions (c), (d) and (e) above may not be waived.

Completion

The Vendors and the Purchaser shall proceed with the registration procedures with the relevant PRC authorities for the equity transfers of the relevant Target Companies within 10 business days upon satisfaction (or waiver) of the conditions precedent set out in the Sale and Purchase Agreements. Completion shall take place when the registration of the equity transfers of the relevant Target Companies is completed.

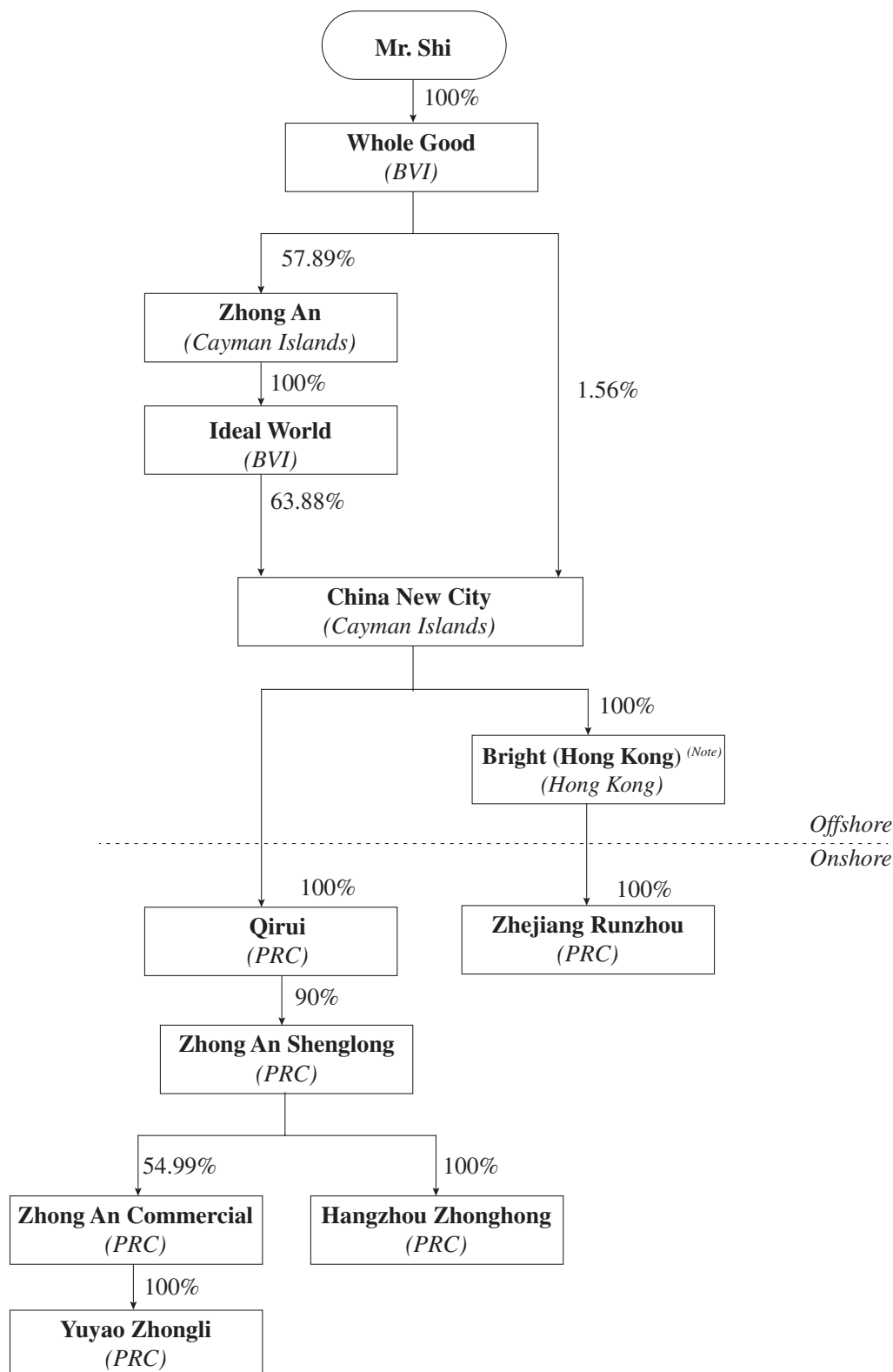
The Target Companies represent the CNC Group's entire operation in commercial property management business. Upon completion of the Proposed Transfers, the Target Companies will cease to be subsidiaries of China New City and the CNC Group will no longer be engaged in any property management business in the PRC.

The Target Companies will become indirect wholly-owned subsidiaries of the Remaining Zhong An Group and their respective financial results will continue to be consolidated into the consolidated financial statements of the Zhong An Group.

Structure Charts in relation to the Proposed Transfers

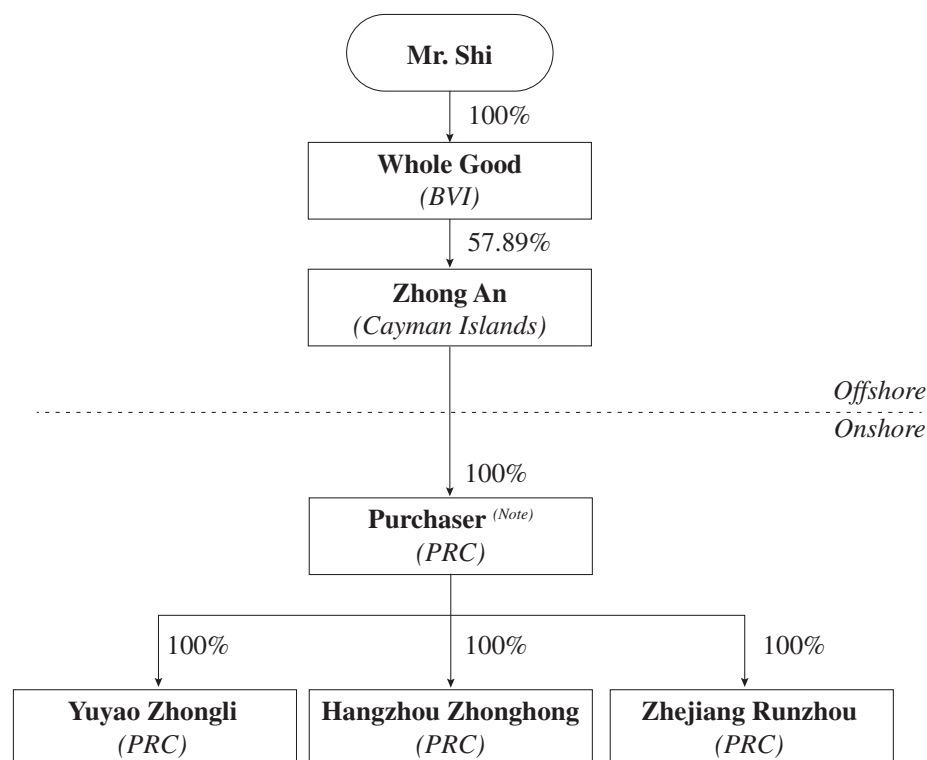
The following charts set out the simplified organisation structures in relation to the Proposed Transfers.

As at the date of this joint announcement:



Note: Bright (Hong Kong) is held indirectly by China New City.

Immediately upon completion of the Proposed Transfers:



Note: The Purchaser is held indirectly by Zhong An.

Financial Information of the Target Companies

Set out below are the unaudited (i) financial information of Zhejiang Runzhou and (ii) pro forma financial information of the commercial property management business of Hangzhou Zhonghong and Yuyao Zhong An for the years ended 31 December 2018 and 2019, and the nine months ended 30 September 2020 which have been prepared in accordance with the PRC GAAP ^(Note):

Zhejiang Runzhou

	For the year ended 31 December		For the nine months ended
	2018	2019	30 September 2020
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	8,511	16,528	14,960
Net (loss)/profit before taxation	(1,297)	5,470	4,971
Net (loss)/profit after taxation	(973)	4,101	3,727

Hangzhou Zhonghong (the newly formed entity holding commercial property management business of Hangzhou Zhongan Henglong)

	For the year ended		For the nine
	31 December		months ended
	2018	2019	30 September
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	13,112	15,389	10,165
Net profit before taxation	9,073	10,862	6,462
Net profit after taxation	6,776	8,142	4,846

Yuyao Zhongli (the newly formed entity holding commercial property management business of Yuyao Zhong An)

	For the year ended		For the nine
	31 December		months ended
	2018	2019	30 September
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Revenue	11,429	11,074	8,649
Net profit before taxation	2,121	2,285	2,622
Net profit after taxation	1,590	1,718	1,967

As at 30 September 2020, the unaudited net assets of Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli were approximately RMB12.74 million, RMB25.79 million and RMB7.85 million, respectively.

Note: Hangzhou Zhonghong is a limited liability company established in the PRC on 18 November 2020 as a result of the demerger of Hangzhou Zhongan Henglong. Yuyao Zhongli is a limited liability company established in the PRC on 24 November 2020 as a result of the demerger of Yuyao Zhong An.

Pursuant to the demerger of Hangzhou Zhongan Henglong and Yuyao Zhong An on 18 November 2020 and 24 November 2020, respectively, the entire commercial property management business of Hangzhou Zhongan Henglong and Yuyao Zhong An were transferred to Hangzhou Zhonghong and Yuyao Zhongli, respectively.

The revenue, net profit before and after taxation and net assets of Hangzhou Zhonghong and Yuyao Zhongli for the years ended/as at 31 December 2018 and 2019, and the nine months ended/as at 30 September 2020 represent the pro forma financial information of Hangzhou Zhongan Henglong and Yuyao Zhong An in relation to the entire commercial property management business.

FINANCIAL EFFECT OF THE TRANSACTIONS

Upon completion of the Proposed Transfers, the expected gains from the Proposed Transfers is approximately RMB58.27 million (equivalent to approximately HK\$69.93 million) (before taxation and transaction costs) which is calculated on the basis of the difference between the aggregate consideration for the Proposed Transfers and the net asset value of the Target Companies as at 30 September 2020.

The actual gain to be recorded by the CNC Group will be subject to review and final audit by the auditors of China New City.

Proposed use of proceeds by the CNC Group

The CNC Board intends to apply the net proceeds from the Proposed Transfers in the following manner: (i) approximately 80% for future investments, which include potential acquisitions and investments in commercial property development business and other investment opportunities for new emerging business such as education and film and entertainment; and (ii) approximately 20% as general working capital.

REASONS FOR AND BENEFITS OF THE AMENDED NON-COMPETE UNDERTAKINGS AND THE PROPOSED TRANSFERS

Over six years have passed since the CNC Controlling Shareholders (including Zhong An) and China New City entered into the Existing Non-Compete Undertakings, during which the landscape of the PRC property market has evolved rapidly. At around the time of the spin-off and listing of China New City, the Existing Non-Compete Undertakings were entered into to create a more defined focus for the CNC Group to be a pure play property developer for commercial properties in the PRC, while the Remaining Zhong An Group to be a pure play property developer for residential properties in the PRC.

From the perspective of Zhong An

The directors of Zhong An are of the view that the reasons for the entering into of the Amended Non-Compete Undertakings and the Proposed Transfers are as follows:

The commercial and residential property management service delineation under the Existing Non-Compete Undertakings does not satisfactorily delineate business of the CNC Group and the Remaining Zhong An Group

Mixed commercial-residential use properties may encompass several different types of properties such as residential properties, office buildings, shopping malls, leisure facilities (such as cinemas), small office/home office and serviced apartments. Furthermore, they may also fall into category of public use such as government and public facilities such as schools, hospitals, banks and public transportation terminals.

In addition, according to the industry consultant of Zhong An, to ensure the level of property management service offered, mixed commercial-residential use properties generally appoint one property management service provider to provide property management service for each mixed commercial-residential use property. Therefore, it is a common practice for property management companies in the PRC to operate a diversified property management business covering management of residential, commercial and/or mixed commercial-residential use properties.

Further, it is impracticable to engage more than one property management company in respect of the relevant projects which comprised of mixed commercial-residential use properties in view of certain regulatory and practicable restrictions in the PRC. Pursuant to the Regulation on Property Management (《物業管理條例》) of the PRC, for each property management area designated, there should only be one property management enterprise serving as the property management service provider. Despite the enterprise managing the area may subcontract certain specialised services, such as security, cleaning and maintenance services to third-party subcontractors, it is prohibited from subcontracting the property management services in its entirety or partially (e.g. commercial portion) to another party.

Although the Existing Non-Compete Undertakings provide that, amongst others, property management services to mixed commercial-residential properties from time to time owned and/or developed by the Remaining Zhong An Group or the CNC Group is excluded from the restricted business of the CNC Group and the Remaining Zhong An Group, the directors of Zhong An consider that such exclusion does not cover property management service provided to properties which are neither owned nor developed by the Remaining Zhong An Group or the CNC Group and neither the Remaining Zhong An Group nor the CNC Group will be able to engage, acquire or invest in companies or businesses engaging in property management of mixed commercial-residential use properties developed by other parties unless the properties were also acquired by the Remaining Zhong An Group or the CNC Group.

Limitation for development of the Remaining Zhong An Group's property management business

As at the date of this joint announcement, the property management business of the Remaining Zhong An Group mainly relates to residential properties and ancillary facilities such as sales office and public facilities in the PRC, while the property management business of the CNC Group mainly relates to commercial properties such as serviced apartments, office buildings, shopping malls and other ancillary facilities in the PRC. The directors of Zhong An are of the view that residential properties and serviced apartments are ultimately for residential purpose, therefore the property management service skillset for residential properties and serviced apartments are very similar and the skillset is largely transferrable.

Given (i) majority of the CNC Group's resources and personnel in relation to the provision of commercial property management services are derived from Zhong An Group at the time of China New City's spin-off in 2014; (ii) the Remaining Zhong An Group has more sizeable and experienced management and operational team for its property management business than the CNC Group; and (iii) the Target Companies intend to retain the management team and certain employees of the Target Companies upon completion of the Amended Non-Compete Undertakings and the Proposed Transfers to maintain stability of operations, the directors of Zhong An consider that it would be appropriate and reasonable to acquire the entire commercial property management business from the CNC Group with the aim to consolidate all property management business while the CNC Group can continue focusing on commercial property development or other investment opportunities in order to allow a better allocation of resources between the Remaining Zhong An Group and the CNC Group.

Other reasons and benefits

The directors of Zhong An are of the view that the other reasons for and benefits of the entering into of the Amended Non-Compete Undertakings and the Proposed Transfers are as follows:

- the consolidation of all of the asset-light property management business including the commercial and residential segment will help integrate the resources, manpower as well as certain corporate functions and generate business synergies and yield improved operating efficiencies;
- the proposed amendments in the Existing Non-Compete Undertakings and acquiring subsidiaries of China New City which operate the commercial property management business will help expand the Remaining Zhong An Group's service offerings to commercial property management business and will be complementary to the Remaining Zhong An Group's existing residential property management services; and
- the Proposed Transfers represent an attractive merger and acquisition opportunity for the Remaining Zhong An Group to strengthen the market share and competitiveness of the property management business of the Remaining Zhong An Group by further expanding the property management segment to commercial and/or mixed commercial-residential use properties in the PRC in the long run.

From the perspective of China New City

The directors of China New City are of the view that the reasons for and benefits of the entering into of the Amended Non-Compete Undertakings and the Proposed Transfers are as follows:

As disclosed in China New City's annual report 2018 and annual report 2019, (i) commercial property management business contributed to approximately 1.72% and 2.20% of the CNC Group's revenue, respectively, and accounted for a relatively small contribution to the CNC Group's revenue; and (ii) commercial property development business is China New City's strongest performing business in terms of profitability which contributed to approximately 82.01% and 78.46% of the CNC Group's revenue for the years ended 31 December 2018 and 2019, respectively.

As at the date of this joint announcement, the property management business of the CNC Group mainly relates to commercial properties such as serviced apartments, office buildings, shopping malls and other ancillary facilities in the PRC. Majority of China New City's resources and personnel in relation to provision of commercial property management services are also derived from Zhong An at the time of the spin-off in 2014.

Furthermore, the Remaining Zhong An Group has more sizeable and experienced management and operational team for its property management business than the CNC Group. As such, the directors of China New City consider that it would be appropriate and reasonable to transfer the entire commercial property management business to the Remaining Zhong An Group with the aim to consolidate all property management business while China New City can continue focusing on commercial property development or other investment opportunities in order to allow a better allocation of resources between the Remaining Zhong An Group and the CNC Group.

Upon completion of the Amended Non-Compete Undertakings and the Proposed Transfers, the Proposed Transfers will provide an opportunity for the CNC Group to immediately realise its investments and redeploy the capital into its core business of commercial property development or other investment opportunities that the CNC Group considers more attractive, and allows for a more focused strategy and efficient resource allocation which could potentially bring more returns to the shareholders of China New City.

The directors of Zhong An and China New City believe that the entering into of the Amended Non-Compete Undertakings and the Proposed Transfers would also eliminate potential competition between the Remaining Zhong An Group and the CNC Group and better organise and delineate the business between the Remaining Zhong An Group and the CNC Group.

As such, the directors of Zhong An and China New City (including the independent non-executive directors of Zhong An and China New City) consider that the terms of the Amended Non-Compete Undertakings and the Proposed Transfers are, though not in the ordinary and usual course of business of Zhong An and China New City, on normal commercial terms, fair and reasonable so far as the respective shareholders are concerned and entering into of the Amended Non-Compete Undertakings and the Proposed Transfers are in the interests of Zhong An, China New City and their respective shareholders as a whole.

Zhong An is also contemplating an internal restructuring of its property management business with a view to achieving possible fund raising exercise in the future. Shareholders and potential investors of China New City should note that they may not be entitled to participate in the possible fund raising exercise in relation to Zhong An's property management business.

However, shareholders and potential investors of Zhong An should note that any possible fund raising exercise is still in a very preliminary stage. Zhong An will comply with the relevant requirements under the Listing Rules as and when appropriate in the event the possible fund raising exercise materialises.

INFORMATION ABOUT THE PARTIES

China New City

China New City is a limited liability company incorporated as an exempted company in the Cayman Islands on 2 July 2013. The CNC Group is principally engaged in the development, sale of, investment in, and management of commercial properties in the PRC.

CNC Controlling Shareholders

Mr. Shi

Mr. Shi Kancheng (施侃成) (alias Shi Zhongan (施中安)), the chairman of the Zhong An Board and the CNC Board, an executive director of Zhong An and a non-executive director of China New City and a controlling shareholder (as defined under the Listing Rules) of Zhong An and a CNC Controlling Shareholder.

Whole Good

Whole Good Management Limited (全好管理有限公司) is a limited liability company incorporated in the British Virgin Islands on 3 May 2007 which is wholly-owned by Mr. Shi and is principally engaged in investment holding. Whole Good is a controlling shareholder (as defined under the Listing Rules) of Zhong An and a CNC Controlling Shareholder.

Zhong An

Zhong An is a limited liability company incorporated as an exempted company in the Cayman Islands on 13 March 2007. The Remaining Zhong An Group is principally engaged in the development, sale of and management of residential properties in the PRC. Zhong An is a CNC Controlling Shareholder.

Ideal World

Ideal World Investments Limited is a company incorporated in the British Virgin Islands with limited liability on 6 November 2003 which is wholly-owned by Zhong An and is principally engaged in investment holding. Ideal World is a CNC Controlling Shareholder.

The Vendors

Bright (Hong Kong)

Bright (Hong Kong) Hotels Management Limited (伯瑞特(香港)酒店管理有限公司) is a limited liability company incorporated in Hong Kong on 15 September 2014 and is principally engaged in investment holding. Bright (Hong Kong) is an indirect wholly-owned subsidiary of China New City.

Zhong An Shenglong

Zhejiang Zhongan Shenglong Commercial Co., Ltd.* (浙江眾安盛隆商業有限公司) is a limited liability company established in the PRC on 9 September 2013 and is principally engaged in commercial property development in the PRC. Zhong An Shenglong is an indirect non-wholly owned subsidiary of China New City which is owned as to 90% by Qirui and 10% by Xiaoshan Yunzhongxia, a company whose ultimate beneficial owners are Ms. Qi Xiaomin (戚小敏) and Mr. Chen Junmin (陳軍民).

Zhong An Commercial

Zhong An Commercial Group Co., Ltd.* (眾安商業集團有限公司), formerly known as Hangzhou Zhongjia Commercial Management Co., Ltd.* (杭州眾嘉商業管理有限公司), is a limited liability company established in the PRC on 18 November 2016 and is principally engaged in investment holding. Zhong An Commercial is an indirect non-wholly owned subsidiary of China New City which is owned as to approximately 54.99% by Zhong An Shenglong and approximately 45.01% by Zhejiang Agricultural Bank of China Phoenix Investment Management Co., Ltd.* (浙江農銀鳳凰投資管理有限公司).

To the best of the knowledge, information and belief having made all reasonable enquiry of the directors of Zhong An and China New City, Zhejiang Agricultural Bank of China Phoenix Investment Management Co., Ltd. and its ultimate beneficial owners are Independent Third Parties of Zhong An, China New City and their respective connected persons.

The Target Companies

Zhejiang Runzhou

Zhejiang Runzhou Property Services Co., Ltd.* (浙江潤洲物業服務有限公司), formerly known as Runzhou (Zhejiang) Hotel Management Co., Ltd.* (潤洲(浙江)酒店管理有限公司), is a limited liability company established in the PRC on 27 November 2014, an indirect wholly-owned subsidiary of China New City and a direct wholly-owned subsidiary of Bright (Hong Kong).

Zhejiang Runzhou is principally engaged in provision of commercial property management services in Hangzhou city of Zhejiang province of the PRC.

Hangzhou Zhonghong

Hangzhou Zhonghong Property Service Co., Ltd.* (杭州眾宏物業服務有限公司) is a limited liability company established in the PRC on 18 November 2020 as a result of the demerger of Hangzhou Zhongan Henglong. Hangzhou Zhonghong is an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Shenglong.

Hangzhou Zhonghong is principally engaged in provision of commercial property management services in Hangzhou city of Zhejiang province of the PRC.

Yuyao Zhongli

Yuyao Zhongli Property Management Co., Ltd.* (余姚眾力物業管理有限公司) is a limited liability company established in the PRC on 24 November 2020 as a result of the demerger of Yuyao Zhong An. Yuyao Zhongli is an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Commercial.

Yuyao Zhongli is principally engaged in provision of commercial property management services in Ningbo city of Zhejiang province of the PRC.

The Purchaser

Zhong An Zhihui Shenghuo Services Co., Ltd.* (眾安智慧生活服務有限公司) is a wholly foreign-owned enterprise with limited liability established in the PRC on 14 January 2021 and is principally engaged in investment holding. The Purchaser is an indirect wholly-owned subsidiary of Zhong An.

LISTING RULES IMPLICATIONS

The Amended Non-Compete Undertakings

As at the date of this joint announcement, Zhong An held an aggregate of 1,284,484,000 CNC Shares through its wholly-owned company, Ideal World, representing 63.88% of the entire issued share capital of China New City, in addition, Mr. Shi also held an aggregate of 31,303,594 CNC Shares through his wholly-owned company, Whole Good, representing 1.56% of the entire issued share capital of China New City.

As China New City is only a subsidiary but not a connected subsidiary of Zhong An, the entering into of the Amended Non-Compete Undertakings does not constitute a connected transaction of Zhong An under Chapter 14A of the Listing Rules.

As China New City is an indirect non-wholly owned subsidiary of Zhong An and each of Mr. Shi, Whole Good, Zhong An and Ideal World is a CNC Controlling Shareholder, therefore each of them is a connected person of China New City. The entering into of the Amended Non-Compete Undertakings among the CNC Controlling Shareholders and China New City constitutes a connected transaction of China New City and is therefore subject to the reporting, announcement and approval by the CNC Independent Shareholders under Chapter 14A of the Listing Rules.

The Proposed Transfers

As each of the Vendors is only a subsidiary of China New City and Zhong An and the Vendors are not connected subsidiaries of Zhong An, the entering into of the Sale and Purchase Agreements does not constitute connected transactions of Zhong An under Chapter 14A of the Listing Rules.

As Zhong An is a CNC Controlling Shareholder and the Purchaser is an indirect wholly-owned subsidiary of Zhong An, therefore, from the perspective of China New City, the Purchaser is an associate of Zhong An, and hence a connected person of China New City at issuer level pursuant to Rule 14A.13(3) of the Listing Rules. In addition, as the Sale and Purchase Agreements are inter-conditional, the Proposed Transfers are aggregated pursuant to Rule 14A.81 of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Proposed Transfers exceed 5%, the Proposed Transfers constitute non-exempt connected transactions for China New City under the Listing Rules and are subject to the reporting, announcement and approval by the CNC Independent Shareholders under Chapter 14A of the Listing Rules.

As the Sale and Purchase Agreements are inter-conditional, the Proposed Transfers are aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more of the relevant percentage ratios (as defined under the Listing Rules) in respect of the Proposed Transfers for both Zhong An and China New City exceeds 5% but are all less than 25%, the Proposed Transfers constitute discloseable transactions for each of Zhong An and China New City under the Listing Rules and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As Mr. Shi is considered to be materially interested in the Amended Non-Compete Undertakings and the Proposed Transfers, Mr. Shi has abstained from voting for the resolutions proposed at the Zhong An Board and CNC Board meetings to approve the Amended Non-Compete Undertakings and the Proposed Transfers.

China New City will despatch a circular containing, among other things, (i) information about the Amended Non-Compete Undertakings and the Proposed Transfers; (ii) a letter from CNC Independent Board Committee; (iii) a letter from CNC Independent Financial Adviser; and (iv) a notice to convene the CNC EGM to the shareholders of China New City on or about 19 February 2021.

CNC INDEPENDENT BOARD COMMITTEE AND CNC INDEPENDENT FINANCIAL ADVISER

CNC Independent Board Committee comprising all the independent non-executive directors of China New City has been formed to advise the CNC Independent Shareholders on the terms of the Amended Non-Compete Undertakings and the Proposed Transfers.

Somerley Capital Limited has been appointed as CNC Independent Financial Adviser to advise CNC Independent Board Committee and CNC Independent Shareholders in this regard.

Shareholders and potential investors of Zhong An and China New City should note that completion of the transactions contemplated under the Amended Non-Compete Undertakings and the Proposed Transfers are subject to the satisfaction of the conditions precedent therein. As the transactions may or may not proceed, shareholders and potential investors of Zhong An and China New City are advised to exercise caution when dealing in Zhong An Shares and/or CNC Shares.

DEFINITIONS

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

“Amended Non-Compete Undertakings”	the amended deed of non-compete undertakings dated 3 February 2021 entered into among the CNC Controlling Shareholders and China New City;
“associate”	has the meaning ascribed to it under the Listing Rules;
“Bright (Hong Kong)”	Bright (Hong Kong) Hotels Management Limited (伯瑞特(香港)酒店管理有限公司), a limited liability company incorporated in Hong Kong on 15 September 2014 and an indirect wholly-owned subsidiary of China New City;
“China” or “PRC”	the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;
“China New City”	China New City Commercial Development Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1321);
“CNC Board”	the board of directors of China New City;
“CNC Controlling Shareholders”	the controlling shareholders (as defined under the Listing Rules) of China New City, including Ideal World, Zhong An, Whole Good and Mr. Shi;
“CNC EGM”	an extraordinary general meeting of China New City to be convened for the China New City Independent Shareholders to consider and, if thought fit, approve (i) the Amended Non-Compete Undertakings, (ii) the Proposed Transfers; and (iii) other relevant matters;

“CNC Group”	China New City and its subsidiaries from time to time;
“CNC Independent Board Committee”	the independent committee of the CNC Board, comprising the independent non-executive directors of China New City, which has been formed to advise the CNC Independent Shareholders (i) on the terms of the Amended Non-Compete Undertakings and the transactions contemplated thereunder; and (ii) the Proposed Transfers and the transactions contemplated thereunder;
“CNC Independent Financial Adviser”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO, being the independent financial adviser appointed to advise the CNC Independent Board Committee and the CNC Independent Shareholders on the terms of the Amended Non-Compete Undertakings and the Proposed Transfers;
“CNC Independent Shareholders”	shareholders of China New City other than those who are required to abstain from voting on the resolution(s) in respect of the Amended Non-Compete Undertakings and the Proposed Transfers pursuant to the Listing Rules;
“CNC Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of China New City;
“connected person”	has the meanings ascribed to it under the Listing Rules;
“Existing Non-Compete Undertakings”	the deed of non-compete undertakings dated 31 May 2014 entered into among the CNC Controlling Shareholders and China New City;
“Hangzhou Zhongan Henglong”	Hangzhou Zhongan Henglong Commercial Building Co., Ltd.* (杭州眾安恒隆商廈有限公司), a limited liability company established in the PRC on 20 September 2005, an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Shenglong;

“Hangzhou Zhonghong”	Hangzhou Zhonghong Property Service Co., Ltd.* (杭州眾宏物業服務有限公司), a limited liability company established in the PRC on 18 November 2020 as a result of the demerger of Hangzhou Zhongan Henglong, an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Shenglong;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Ideal World”	Ideal World Investments Limited, a company incorporated in the British Virgin Islands with limited liability on 6 November 2003 which is wholly-owned by Zhong An and a CNC Controlling Shareholder;
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the directors of Zhong An and/or directors of China New City are aware after having made all reasonable enquiries, is/ are not a connected person(s) of Zhong An and/or China New City within the meaning of the Listing Rules;
“Listing Date”	10 July 2014, the date on which the shares of China New City first commenced trading on the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Mr. Shi”	Mr. Shi Kancheng (施侃成) (alias Shi Zhongan (施中安), the chairman of the Zhong An Board and the CNC Board, an executive director of Zhong An and a non-executive director of China New City and a controlling shareholder (as defined under the Listing Rules) of Zhong An and a CNC Controlling Shareholder;
“PRC GAAP”	generally accepted accounting principles in the PRC;
“Proposed Transfers”	the proposed transfers of the entire equity interests in Hangzhou Zhonghong, Yuyao Zhongli and Zhejiang Runzhou pursuant to the Sale and Purchase Agreements, all of which are engaged in commercial property management business of the CNC Group;

“Prospectus”	the prospectus and the supplemental prospectus of China New City dated 17 June 2014 and 30 June 2014, respectively in relation to the global offering by China New City of its shares and its listing on the Stock Exchange;
“Purchaser”	Zhong An Zhihui Shenghuo Services Co., Ltd.* (眾安智慧生活服務有限公司), a wholly foreign-owned enterprise with limited liability established in the PRC on 14 January 2021 and an indirect wholly-owned subsidiary of Zhong An;
“Qirui”	Qirui Business Management (Hangzhou) Co., Ltd.* (祺瑞商業管理(杭州)有限公司), a limited liability company established in PRC on 18 October 2013 and a direct wholly-owned subsidiary of China New City;
“Remaining Zhong An Group”	Zhong An and its subsidiaries from time to time (excluding the CNC Group);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreements”	collectively, SPA A, SPA B and SPA C;
“SFO”	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“SPA A”	the sale and purchase agreement entered into on 3 February 2021 between Bright (Hong Kong) (as vendor), the Purchaser and Zhejiang Runzhou (as target company) pursuant to which Bright (Hong Kong) conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in Zhejiang Runzhou at a consideration of RMB35.17 million (equivalent to approximately HK\$42.20 million);

“SPA B”	the sale and purchase agreement entered into on 3 February 2021 between Zhong An Shenglong (as vendor), the Purchaser and Hangzhou Zhonghong (as target company) pursuant to which Zhong An Shenglong conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in Hangzhou Zhonghong at a consideration of RMB57.13 million (equivalent to approximately HK\$68.56 million);
“SPA C”	the sale and purchase agreement entered into on 3 February 2021 between Zhong An Commercial (as vendor), the Purchaser and Yuyao Zhongli (as target company) pursuant to which Zhong An Commercial conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire equity interest in Yuyao Zhongli at a consideration of RMB12.35 million (equivalent to approximately HK\$14.82 million);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the meanings ascribed to it under the Listing Rules;
“Target Companies”	collectively, Zhejiang Runzhou, Hangzhou Zhonghong and Yuyao Zhongli;
“Vendors”	collectively, Bright (Hong Kong), Zhong An Shenglong and Zhong An Commercial, and each a “Vendor”;
“Whole Good”	Whole Good Management Limited (全好管理有限公司), a limited liability company incorporated in the British Virgin Islands on 3 May 2007 which is wholly-owned by Mr. Shi and is a controlling shareholder (as defined under the Listing Rules) of Zhong An and a CNC Controlling Shareholder;
“Xiaoshan Yunzhongxia”	Hangzhou Xiaoshan Yunzhongxia Decoration Co., Ltd.* (杭州蕭山雲中霞裝飾有限公司), a limited liability company established under the laws of the PRC on 1 April 1997, and a holder of 10% equity interest of Zhong An Shenglong, which is a 90% held indirect subsidiary of China New City. The beneficial owners of Xiaoshan Yunzhongxia are Ms. Qi Xiaomin (戚小敏) and Mr. Chen Junmin (陳軍民);

“Yuyao Zhong An”	Yuyao Zhong An Time 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 in the PRC on 6 December 2011, an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Commercial;
“Yuyao Zhongli”	Yuyao Zhongli Property Management Co., Ltd.* (余姚眾力物業管理有限公司), a limited liability company established in the PRC on 24 November 2020 as a result of the demerger of Yuyao Zhong An, an indirect non-wholly owned subsidiary of China New City and a direct wholly-owned subsidiary of Zhong An Commercial;
“Zhejiang Runzhou”	Zhejiang Runzhou Property Services Co., Ltd.* (浙江潤洲物業服務有限公司), formerly known as Runzhou (Zhejiang) Hotel Management Co., Ltd.* (潤洲(浙江)酒店管理有限公司), a limited liability company established in the PRC on 27 November 2014, an indirect wholly-owned subsidiary of China New City and a direct wholly-owned subsidiary of Bright (Hong Kong);
“Zhong An”	Zhong An Group Limited, a company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 672), and a CNC Controlling Shareholder;
“Zhong An Board”	the board of directors of Zhong An;
“Zhong An Commercial”	Zhong An Commercial Group Co., Ltd.* (眾安商業集團有限公司), formerly known as Hangzhou Zhongjia Commercial Management Co., Ltd.* (杭州眾嘉商業管理有限公司), a limited liability company established in the PRC on 18 November 2016, an indirect non-wholly owned subsidiary of China New City, which is owned as to approximately 54.99% by Zhong An Shenglong and approximately 45.01% by Zhejiang Agricultural Bank of China Phoenix Investment Management Co., Ltd.* (浙江農銀鳳凰投資管理有限公司);
“Zhong An Group”	Zhong An and its subsidiaries from time to time;

“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 in the PRC on 18 November 1998 and an indirect non-wholly owned subsidiary of Zhong An;
“Zhong An Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of Zhong An;
“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 in the PRC on 9 September 2013 and an indirect non-wholly owned subsidiary of China New City which is owned as to 90% by Qirui and 10% by Xiaoshan Yunzhongxia; and
“%”	per cent.

* *Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*

Certain amounts and percentage figures included in this joint announcement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

For illustrative purpose, amounts denominated in RMB in this joint announcement have been translated into HK\$ at the exchange rate of RMB1=HK\$1.20.

By Order of the Zhong An Board
Zhong An Group Limited
Shi Kancheng
Chairman

By order of the CNC Board
China New City Commercial Development Limited
Shi Kancheng
Chairperson

The PRC, 3 February 2021

As at the date of this joint announcement,

- (a) the Zhong An Board comprises five executive directors, namely Mr. Shi Kancheng (alias Shi Zhongan) (Chairman), Mr. Zhang Jiangang (Chief Executive Officer), Ms. Shen Tiaojuan, Ms. Jin Ni and Ms. Shi Jinfan; and three independent non-executive directors, namely Professor Pei Ker Wei, Dr. Loke Yu (alias Loke Hoi Lam) and Mr. Zhang Huaqiao; and*

- (b) the CNC Board comprises three executive directors, namely Mr. Shi Nanlu, Mr. Liu Bo and Ms. Tang Yiyang; two non-executive directors, namely Mr. Shi Kancheng and Mr. Tang Min; and three independent non-executive directors, namely Mr. Ng Sze Yuen, Terry, Mr. Xu Chengfa and Mr. Yim Chun Leung.*