

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this announcement.



China New Town Development Company Limited **中國新城鎮發展有限公司**

(Incorporated as a business company limited by shares under the laws of the British Virgin Islands)

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

CONNECTED TRANSACTION UNDER LISTING RULES AND INTERESTED PERSON TRANSACTION UNDER LISTING MANUAL

ENTERING INTO LIMITED PARTNERSHIP AGREEMENT IN RESPECT OF THE SETTING UP OF AN INVESTMENT PARTNERSHIP IN THE PRC

The Board is pleased to announce that on 16 June 2015, CDB New Town, a wholly-owned subsidiary of the Company, entered into the Agreement in relation to (i) the setting up of an investment partnership, CDB(Beijing)-BOCOMM New-Type Urbanization Development Fund (國開（北京）-交行新型城鎮化發展基金) with a total amount of RMB 10 billion, and (ii) the governance of the relationship between the investors of the Partnership.

As CDBC is a controlling shareholder of the Company, CDBC is a connected person of the Company under the Listing Rules and an interested person of the Company under the Listing Manual. The Agreement and the transactions contemplated thereunder therefore constitute a connected transaction and interested person transaction of the Company under the Listing Rules and Listing Manual respectively. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules for the transaction contemplated under the Agreement exceed 0.1% but are below 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement of the Listing Rules. In addition, as the applicable ratio calculated under Rules 905 and 906 of the Singapore Listing Manual exceeds 3% but is below 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and are exempted from the independent shareholders' approval requirement of the Listing Manual.

1. INTRODUCTION

The Board of directors (the “**Board**”) of China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce that on 16 June 2015, CDB New Town (Beijing) Asset Management Co., Ltd (國開新城（北京）資產管理有限公司, “**CDB New Town**”), a wholly-owned subsidiary of the Company, had entered into a limited partnership agreement (the “**Agreement**”) in relation to (i) the setting up of an investment partnership, the CDB(Beijing)-BOCOMM New-Type Urbanization Development Fund (國開（北京）-交行新型城鎮化發展基金, the “**Partnership**”) with a total amount of RMB 10 billion, and (ii) the governance of the relationship between the investors of the Partnership (the “**Proposed Transaction**”).

2. TERMS OF THE AGREEMENT

2.1 Partners

The general partner (“**General Partner**”) of the Partnership is CDB Investment-Development Fund Management (Beijing) Co. Ltd (國開投資發展基金管理（北京）有限責任公司), a wholly-owned subsidiary of CBDC (as defined below), whose principal activity is to operate and manage the funds focussing on urbanization-related investments under CBDC.

The Partnership has three categories of limited partners (“**Limited Partners**”), as follows:

- (a) Senior-tranche limited partner - Bank of Communications Schroder Asset Management Co. Ltd (交銀施羅德資產管理有限公司) (“**Senior-Tranche Limited Partner**”), a wholly-owned subsidiary of Bank of Communications Schroder Fund Management Co. Ltd 交銀施羅德基金管理有限公司, the joint venture fund management company established by the Bank of Communications, Schroders Group and China International Marine Containers (Group) Co. Ltd, which is principally engaged in fund management business in China. Based on the best knowledge and belief of the Directors and upon making reasonable enquiries, it is an independent third party to the Group.
- (b) Mid-tranche limited partner - CDB Development Fund (國開發展基金) (“**Mid-Tranche Limited Partner**”), a fund raised by CBDC for various types of investment opportunities, among which new-type urbanization is the core sector.
- (c) Junior-tranche limited partner (“**Junior-Tranche Limited Partner**”) - China Development Bank Capital Corporation Limited (國開金融有限責任公司) (“**CBDC**”), the controlling shareholder of the Company; and CDB New Town, a wholly-owned subsidiary of the Company, whose principal activity is investment management and advisory.

2.2 The Company's investment

Under the terms of the Agreement, the investment amount of each of the Senior-Tranche Limited Partner, CDB New Town and the Connected Person / Interested Persons (as defined below) are as follows:

Name of Partner (Tranche)	Investment Amount (RMB'000)	Committed capital ratio to the Partnership (%)
Bank of Communications Schroder Fund Management Co. Ltd (Senior-Tranche)	8,000,000	80.00
CDB Development Fund (Mid-Tranche)	800,000	8.00
CDBC (Junior-Tranche)	1,049,000	10.49
CDB New Town (Junior-Tranche)	150,000	1.50
CDB Investment- Development Fund Management (Beijing) Co. Ltd (General Partner)	1,000	0.01
Total	10,000,000	100

The total investment amount contributable by CDB New Town is determined after taking into account, among other things, the strategic allocation of financial resources among various investment opportunities. The Board currently contemplates that the Company will fund such investment through internal resources of the Company.

2.3 Key terms of the Proposed Transaction

Investment period

The investment period is expected to be 8 years in total, with an option to extend for 2 years upon consent by all Limited Partners. The 8 years investment period will be divided into a first 3 years of investment deployment period, during which funds received from exited investments can be reinvested into new projects; and a next 5 years of exit period, during which funds received from exited investments must be distributed to all partners subject to the conditions set out in the section entitled "Profit sharing and claw-back mechanism" below.

Target investment area and structure

The Partnership will primarily focus on old town reformation, shanty town reformation, primary land development and integrated land and property development; it will also explore investments in municipal facilities with exclusivity rights, such as water, waste treatment, alternative energies and public utilities.

The Partnership will primarily focus on fixed-income investments (pure debt or mezzanine type investments), the security and safe exit of which shall be enhanced by commensurate collaterals or guarantees by qualified counterparties. Such investments shall amount to no less than 80% of the Partnership's total investments. In addition, pure equity investments and subscriptions of shares in listed companies are each capped at 10% of the Partnership's total investments, and are all subject to the consents by the Senior-Tranche Limited Partner.

Decision making of the Partnership

To fully leverage on CDBC's expertise in project assessment and project management, the Partnership's target projects must have completed the full assessment, including project initiation, due diligence and final decision. Only after these projects have been approved by the CDBC Investment Committee will they be passed on to the Investment Committee of the Partnership, comprising of three representatives nominated by the General Partner, for final investment decisions.

Preferential investment gains ("Preferential Investment Gains") to each tranche of Limited Partners

Senior-Tranche Limited Partner

Relevant PBOC benchmark rate for loans of tenor over 5 years (currently 5.65% per annum), such relevant PBOC benchmark rate to be determined on the actual funding date, plus 1.60%, subject to the terms and conditions set out in the section "Profit sharing and claw-back mechanisms" below.

Mid-Tranche Limited Partner

Fixed rate of 12% per annum, subject to the terms and conditions set out in the section "Profit sharing and claw-back mechanisms" below.

Junior-Tranche Limited Partners and the General Partner

Junior-Tranche Limited Partners and the General Partner are not entitled to preferential investment gains but shall enjoy the profit sharing of the Partnership as set out in the section "Profit sharing and claw-back mechanisms" below.

Profit sharing and claw-back mechanisms

Proceeds from investment shall first be preferentially distributed to Senior-Tranche Limited Partners until the relevant principal and preferential investment gains based on actual funded amount are satisfied; the remainder of the proceeds from investment, if any, shall be then preferentially distributed to Mid-Tranche Limited Partner until the relevant principal and preferential investment gains based on actual funded amount are satisfied; lastly, the remaining proceeds from investment shall be divided among Junior-Tranche

Limited Partners and the General Partner in proportion to their respective actual funded amounts.

In the event that the Senior-Tranche Limited Partner does not obtain the principal and preferential investment gains on the applicable distribution dates, subject to the cap of the aggregate after-tax proceeds from all distributions from the Partnership, the General Partner, Junior-Tranche Limited Partners and Mid-Tranche Limited Partner has the obligation to pay the shortfall to the Senior-Tranche Limited Partner (“**claw-back**” obligations) in the following sequence: 1) each of the General Partner and Junior-Tranche Limited Partners shall satisfy its claw-back obligations in accordance with its respective committed capital ratio; and in case such amount is not sufficient to satisfy the payment to the Senior-Tranche Limited Partner, 2) the Mid-Tranche Limited Partner shall satisfy the remaining claw-back amount.

CDBC and CDB New Town, both being Junior-Tranche Limited Partners, shall bear the residual risks and enjoy the residual rewards, and the risks and rewards are identical for the Junior-Tranche Limited Partners.

Other rights and responsibilities of the General Partner and the Limited Partners

There is no management fee payable to the General Partner. However, the Partnership shall bear costs related to its establishment, operations, termination, dismissal and liquidation.

The General Partner has the right to manage daily operations of the Partnership and shall ensure the legal compliance of the Partnership. The General Partner has unlimited liabilities towards the Partnership’s liabilities, but does not have any responsibilities on guaranteeing the principals and investment gains of the Limited Partners.

Upon funding notice being delivered to the Limited Partners at least ten working days in advance of the required funding date, the Limited Partners are required to pay the required funding amount to the designated bank accounts of the Partnership. Limited Partners are liable towards the Partnership’s liabilities only to the amount of their funded capital.

Others

As the Partnership will only be set up upon the execution of the Agreement, and funds will be disbursed by all partners at similar timings in accordance with the terms of the Agreement, the Interested Persons will not have an existing interest in the Partnership prior to the participation of CDB New Town in the Partnership.

3. BENEFITS OF THE PROPOSED TRANSACTION

The directors of the Company (the “**Directors**”) are of the views that the investment in the Partnership brings the following strategic benefits to the Company:

- The Company can fully leverage on the strategic support from its controlling shareholder, CDBC in terms of management expertise, project pipeline and financing capability as currently one of the largest and most influential investment institutes in China's urbanization;

- The Company can participate in CDBC's core investment model, making use of CDBC's excellent financing capability to achieve well-leveraged attractive investment returns while benefiting from CDBC's excellent investment know-how, risk management infrastructure and influence over urbanization to control risk, with further benefits of extensive diversification;
- The Partnership establishes a systematic mechanism to co-invest in CDBC's urbanization projects, which will be able to help the Company rapidly lift brand awareness and expand business network;
- With a relatively small amount of capital, the Company will become more closely involved in an extensive list of CDBC urbanization projects and is well positioned to discover developmental and operational opportunities along entire value chain of urbanization, which in turn strengthens the Group's position as CDBC's core operational platform in the field.

In light of the reasons above, the Directors believe that it is for the benefit of the Company to enter into the Agreement. The Directors (including the independent non-executive Directors) consider that the Agreement is based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

In addition, the Audit Committee of the Company is of the view that the risks and rewards of the Partnership are in proportion to the investments into the Partnership by CDB New Town and the Interested Persons, and that the Proposed Transaction is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders.

4. IMPLICATIONS UNDER THE LISTING RULES AND LISTING MANUAL

CDBC, which has an indirect interest in 5,347,921,071 ordinary shares (“**Shares**”) in the Company, representing 54.32% of the issued share capital of the Company, is a controlling shareholder of the Company. As a controlling shareholder of the Company, CDBC, CDB Development Funds, funds under CDBC’s management and CDB Investment Development Fund Management (Beijing) Co., Ltd, a wholly-owned subsidiary of CDBC, (collectively, the “**Interested Persons**”) are regarded as ‘interested persons’ within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”). As a subsidiary of the Company, CDB New Town is regarded as an “entity at risk” within the meaning of Chapter 9 of the Listing Manual. Accordingly, the Proposed Transaction will be regarded as an interested person transaction and the requirements of Chapter 9 of the Listing Manual are applicable.

As CDBC is a controlling shareholder of the Company, CDBC is a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Agreement and the transactions contemplated thereunder therefore constitute a connected transaction of the Company. As the applicable percentage ratios defined under Rule 14.07 of the Listing Rules for the transaction contemplated under the Agreement exceed 0.1% but are below 5%, the Agreement and the transactions contemplated thereunder are subject to the reporting and

announcement requirements and are exempted from the independent shareholders' approval requirement of the Listing Rules.

As Mr. Fan Haibin, Mr. Zuo Kun, Mr. Liu Heqiang, Mr. Zhang Yan, Ms. Yang Meiyu and Mr. Ren Xiaowei, being directors appointed by CDBC, have an interest in the resolution approving the Agreement, all of them have abstained from voting on the resolution of the Board approving the Agreement.

5. TOTAL VALUE OF ALL INTERESTED PERSON TRANSACTIONS

Based on the Group's latest audited accounts for the financial year ended 31 December 2014, the net tangible asset ("NTA") of the Group as at 31 December 2014 is approximately RMB3.85 billion.

The current total value of all interested person transactions, excluding transactions which are less than \$100,000, with (a) CDBC and its associates; and (b) all interested persons of the Company, for the period from 1 January 2015 to the date of the announcement (prior to and including the Proposed Transaction), and the percentage of the Group's latest audited NTA as at 31 December 2014 represented by such values, are as follows:

	Prior to the Proposed Transaction		Including the Proposed Transaction	
	Amount (RMB'000)	Percentage of audited NTA	Amount (RMB'000)	Percentage of audited NTA
Total value of all transactions with CDBC and its associates	-	-	150,000	3.9%
Total value of all transactions with all interested persons of the Company	-	-	150,000	3.9%

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The Proposed Transaction is not expected to have a material impact on the consolidated net tangible assets per share and consolidated earnings per share of the Group for the financial year ending 31 December 2015.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement and/or Proposed Transaction.

By Order of the Board
China New Town Development Company Limited
Liu Heqiang
Chief Executive Officer

Hong Kong and Singapore, 16 June 2015

As at the date of this announcement, the executive directors of the Company are Mr. Shi Jian (Vice Chairman), Mr. Liu Heqiang (Chief Executive Officer), Ms. Yang Meiyu and Mr. Ren Xiaowei; the non-executive directors of the Company are Mr. Fan Haibin (Chairman), Mr. Zuo Kun (Vice Chairman), Mr. Li Yao Min (Vice Chairman) and Mr. Zhang Yan; and the independent non-executive directors of the Company are Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap.