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China New Town Development Company Limited

中國新城鎮發展有限公司

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

(Hong Kong Stock Code : 1278)

(Singapore Stock Code : D4N.si)

UNAUDITED 2014 THIRD QUARTER RESULTS

This announcement is made by China New Town Development Company Limited (the “**Company**”) pursuant to the disclosure obligation under Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**HKE**x”). This announcement is originally prepared in English. In case of any inconsistency between the English version and the Chinese version, the English version shall prevail.

This announcement is prepared in accordance with relevant regulations of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Financial information set out in this report has been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when dealing in the shares of the Company.

This presentation contains projections and forward-looking statements regarding the Group’s objectives and expectations with respect to property development plans, and its opportunities and business prospects. Such forward-looking statements are not guarantees of future performance of the Group and are subject to factors that could cause actual results and company plans and objectives to differ materially from those expressed in the forward-looking statements. These factors include, but are not limited to, timing and price of sales of land in public bidding process; adverse changes in the Chinese economy and property market; fluctuations of the inventory and pricing of residential and commercial properties; performance of construction and other contractors; and competition. The Group undertakes no obligation to update or revise any forward-looking statements to reflect subsequent events or circumstances.

Unaudited Third Quarter Financial Statements for the Financial Period Ended 30 September 2014

PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of comprehensive income for the third quarter and nine months ended 30 September 2014

On 28 March 2014, the Group announced the completion of the subscription of new shares by CDBIH. The relevant assets disposal is expected to complete within the following 24 months and no later than 24 months from 28 March 2014. As at 30 September 2014, Disposal Assets are classified as assets held for sale in financial statements and deemed discontinued operations of the Group. Please refer to the notes regarding discontinued operations for detailed financial information in relation to discontinued operations. According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by the subsequent profits or losses associated with such assets.

	From 1 July to 30 September		Increase (Decrease)	9 months ended 30 September		Increase (Decrease)
RMB'000	2014	2013	(%)	2014	2013	(%)
Group						
Continuing Operations						
Revenue	-	-	-	53,626	608,267	(91)
Cost of sales	-	-	-	(46,397)	(309,110)	(85)
Gross profit	-	-	-	7,229	299,157	(98)
Other income	17,881	3,294	443	41,131	12,958	217
Selling and distribution costs	-	(8,567)	(100)	(8,771)	(19,494)	(55)
Administrative expenses	(21,820)	(7,270)	200	(52,691)	(40,640)	30
Other expenses	(123)	(569)	(78)	(642)	(1,720)	(63)
Operating profit/ (loss)	(4,062)	(13,112)	(69)	(13,744)	250,261	(105)
Finance costs	(16,528)	(26,720)	(38)	(69,480)	(81,240)	(14)
(Loss)/profit before tax from continuing operations	(20,590)	(39,832)	(48)	(83,224)	169,021	(149)
Income tax	(2,651)	6,526	(141)	(2,736)	(64,193)	(96)
(Loss)/profit after tax from continuing operations	(23,241)	(33,306)	(30)	(85,960)	104,828	(182)
Discontinued operations						
Loss after tax from discontinued operations	(43,670)	(69,385)	(37)	(115,264)	(149,847)	(23)
(Loss)/profit for the period	(66,911)	(102,691)	(35)	(201,224)	(45,019)	347
Other comprehensive income	-	-	-	-	-	-
Total comprehensive (loss)/income	<u>(66,911)</u>	<u>(102,691)</u>	<u>(35)</u>	<u>(201,224)</u>	<u>(45,019)</u>	<u>347</u>
Profit attributable to :						
Owners of the parent	(55,549)	(78,745)	(29)	(159,746)	(48,119)	232
Non-controlling interests	(11,362)	(23,946)	(53)	(41,478)	3,100	(1,438)
	<u>(66,911)</u>	<u>(102,691)</u>	<u>(35)</u>	<u>(201,224)</u>	<u>(45,019)</u>	<u>347</u>
Total comprehensive income attributable to:						
Owners of the parent	(55,549)	(78,745)	(29)	(159,746)	(48,119)	232
Non-controlling interests	(11,362)	(23,946)	(53)	(41,478)	3,100	(1,438)

(66,911)	(102,691)	(35)	(201,224)	(45,019)	347
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1(a)(ii) Notes to the statement of comprehensive income

a) Revenue, other income and other expenses

Revenue

RMB'000	From 1 July to 30 September		Increase (Decrease) (%)	9 months ended 30 September		Increase (Decrease) (%)
	2014	2013		2014	2013	
Land development	-	-	-	56,807	643,336	(91)
Less: Business tax and surcharges	-	-	-	(3,181)	(35,069)	(91)
	-	-	-	53,626	608,267	(91)

Other income

RMB'000	From 1 July to 30 September		Increase (Decrease) (%)	9 months ended 30 September		Increase (Decrease) (%)
	2014	2013		2014	2013	
Foreign exchange gain	154	882	(83)	12,924	4,174	210
Interest income	14,813	1,490	894	21,986	5,829	277
Reversal of bad debt provision – other receivables	1,500	800	88	4,800	2,800	71
Others	1,414	122	1059	1,421	155	817
	17,881	3,294	443	41,131	12,958	217

Other expenses

RMB'000	From 1 July to 30 September		Increase (Decrease) (%)	9 months ended 30 September		Increase (Decrease) (%)
	2014	2013		2014	2013	
Foreign exchange loss	-	1	(100)	-	5	(100)
Bank charges	122	546	(78)	559	1,597	(65)
Loss on disposal of property, plant and equipment	-	-	-	10	-	100
Others	1	22	(95)	73	118	(38)
	123	569	(78)	642	1,720	(63)

b) Cost of sales by business units

RMB'000	From 1 July to 30 September		Increase (Decrease) (%)	9 months ended 30 September		Increase (Decrease) (%)
	2014	2013		2014	2013	
Land development	-	-	-	46,397	309,110	(85)
	-	-	-	46,397	309,110	(85)

c) Finance costs

RMB'000	From 1 July to 30 September		Increase (Decrease) (%)	9 months ended 30 September		Increase (Decrease) (%)
	2014	2013		2014	2013	
Interest on bank and borrowings	16,528	26,720	(38)	69,480	81,240	(14)
Less: Interest capitalised	-	-	-	-	-	-
	16,528	26,720	(38)	69,480	81,240	(14)

1(b)(i) A Statement of Financial Position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Statement of Financial Position as at 30 September 2014

RMB'000	Group		Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Non-current assets				
Investments in subsidiaries	-	-	2,991,272	2,591,259
Investments in associates	-	200	-	-
Investments in a joint venture	-	55,656	-	-
Property, plant and equipment	77,646	1,631,967	64	62
Completed investment properties	-	740,000	-	-
Investment properties under construction	-	106,000	-	-
Prepaid land lease payments	97,888	244,586	-	-
Non-current trade receivables	93,145	48,626	-	-
Deferred tax assets	-	132,625	-	-
Other assets	-	47,727	-	2,794
Total non-current assets	268,679	3,007,387	2,991,336	2,594,115
Current assets				
Land development for sale	5,036,698	5,130,517	-	-
Properties under development for sale	-	1,568,991	-	-
Prepaid land lease payments	-	642,312	-	-
Inventories	-	5,878	-	-
Amounts due from subsidiaries	-	-	506,892	506,805
Prepayments	3,152	93,382	-	-
Other receivables	4,752	21,832	5	6
Trade receivables	91,289	743,272	1	1
Prepaid income tax	-	17,480	-	-
Cash and bank balances	1,301,103	332,333	548,018	1,853
Assets classified as held for sale	5,245,870	-	-	-
Total current assets	11,682,864	8,555,997	1,054,916	508,665
Total assets	11,951,543	11,563,384	4,046,252	3,102,780
Equity				
Owners of the parent:				
Share capital	4,110,841	2,980,809	4,110,841	2,980,809
Other reserves	579,270	579,270	1,912,683	1,912,683
Accumulated loss	(1,262,637)	(1,102,891)	(1,994,735)	(2,002,889)
	3,427,474	2,457,188	4,028,789	2,890,603
Non-controlling interests	480,618	522,096	-	-
Total equity	3,908,092	2,979,284	4,028,789	2,890,603
Non-current liabilities				
Interest-bearing bank and other borrowings	117,000	1,797,870	-	-
Deferred income from sale of golf club membership	-	486,208	-	-
Deferred tax liabilities	21,151	32,195	-	-
Total non-current liabilities	138,151	2,316,273	-	-
Current liabilities				
Interest-bearing bank and other borrowings	965,000	1,338,992	-	198,312

RMB'000	Group		Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade payables	1,548,654	2,557,878	-	-
Other payables and accruals	504,629	872,498	17,463	13,865
Amount due to related parties	3,500	3,500	-	-
Advances from customers	-	336,482	-	-
Advances from the settlement of disposal assets	553,549	-	-	-
Deferred income arising from land development	622,357	620,221	-	-
Current income tax liabilities	525,582	538,256	-	-
Liabilities directly associated with assets classified as held for sale	3,182,029	-	-	-
Total current liabilities	7,905,300	6,267,827	17,463	212,177
Total liabilities	8,043,451	8,584,100	17,463	212,177
Total equity and liabilities	11,951,543	11,563,384	4,046,252	3,102,780
Net current assets	3,777,564	2,288,170	1,037,453	296,488
Total assets less current liabilities	4,046,243	5,295,557	4,028,789	2,890,603

1(b)(ii) Aggregate amount of the group's borrowings and debt securities.

i) Borrowings

RMB'000	30 September 2014	31 December 2013
Bank and other borrowings – unsecured	836,000	738,000
Bank and other borrowings – secured	246,000	2,398,862
	<u>1,082,000</u>	<u>3,136,862</u>

a) Amounts repayable in one year of less, or on demand

RMB'000	30 September 2014	31 December 2013
Bank and other borrowings – unsecured	786,000	588,000
Bank and other borrowings – secured	179,000	750,992
	<u>965,000</u>	<u>1,338,992</u>

b) Amounts repayable after one year

RMB'000	30 September 2014	31 December 2013
Bank and other borrowings – unsecured	50,000	150,000
Bank and other borrowings – secured	67,000	1,647,870
	<u>117,000</u>	<u>1,797,870</u>

c) Whether the amounts are secured or unsecured

See table above.

d) Details of any collateral

As at 30 September 2014, bank borrowings of RMB 246 million (2013: RMB 1,949 million) were pledged by the Group's certain properties: property, plant and equipment, completed investment

properties, properties under development for sale, prepaid land lease payments as well as bank deposits, the net carrying amounts of which as at 30 September 2014 were RMB 314 million (2013: RMB 429 million), nil (2013: RMB 606 million), nil (2013: RMB 1,249 million), RMB 193 million (2013: RMB 450 million), and nil (2013: RMB 195 million), respectively. As these properties are classified as Assets Held for Sale, the collateral amounts cannot be readily referenced to in the Statement of Financial Position as of 30 September 2014.

1(c) A Statement of Cash Flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flow

RMB'000

	3Q 2014 from 1 July 2014 to 30 September 2014	3Q 2013 from 1 July 2013 to 30 September 2013	9 months ended 30 September 2014	9 months ended 30 September 2013
Cash flows from operating activities				
(Loss)/profit before tax from continuing operations	(20,590)	(39,832)	(83,224)	169,021
Loss before tax from discontinued operations	(43,670)	(81,367)	(114,742)	(186,999)
Loss before tax	(64,260)	(121,199)	(197,966)	(17,978)
Adjustments for:				
Depreciation of property, plant and equipment	(5,079)	14,875	18,526	45,496
Amortization of prepaid land lease payments	853	1,040	3,468	3,119
Share of loss from an associate and joint venture	59	-	97	-
Fair value loss on completed investment properties	-	-	326	-
Interest income	(15,224)	(1,531)	(22,526)	(5,972)
Interest expenses	49,395	49,234	141,853	156,945
Foreign exchange (gain), net	(10,040)	(882)	(7,770)	(4,339)
	(44,296)	(58,463)	(63,992)	177,271
(Increase)/decrease in land development for sale	(3,681)	(5,412)	39,535	285,572
(Increase)/decrease in properties under development for sale	(107,542)	20,561	(85,953)	67,355
Decrease in prepaid land lease payments	22,017	66,985	70,478	113,514
Decrease/(increase) in inventories	108	(257)	(443)	113
(Increase)/decrease in prepayments and other current assets	(6,038)	(2,055)	22,454	(12,193)
(Increase)/decrease in other receivables	(3,374)	(2,525)	(131,603)	(1,473)
Decrease/(increase) in trade receivables	59,451	26,710	691,971	(313,084)
(Increase)/decrease in prepaid income tax	(304)	(834)	(1,994)	(8,495)
Decrease in deferred income from sale of golf club membership	(4,005)	(4,152)	(12,096)	(12,883)
Increase in deferred income arising from land development	-	-	2,136	24,438
(Decrease)/increase in advances from customers	(7,549)	(77,091)	(52,465)	(40,326)
Increase/(decrease) in trade and other payables	61,159	72,301	(664,782)	(257,812)
Decrease in amounts due to related parties	-	1,000	-	131
Net cash (outflow)/inflow from	(34,054)	36,768	(186,754)	22,128

RMB'000	3Q 2014 from 1 July 2014 to 30 September 2014	3Q 2013 from 1 July 2013 to 30 September 2013	9 months ended 30 September 2014	9 months ended 30 September 2013
operating activities				
Cash flows from investing activities				
Purchase/construction of property, plant and equipment	(2,242)	(21,171)	(10,703)	(184,751)
Payments for investment properties	-	(861)	(4,587)	(8,723)
Interest received	15,224	1,531	22,526	5,972
Investments in an associate and joint venture	-	(6,000)	-	(6,000)
Refund of prepayments for property, plant and equipment	-	-	-	222,542
Advances from the settlement of disposal assets	-	-	553,549	-
Net cash inflow/(outflow) from investing activities	12,982	(26,501)	560,785	29,040
Cash flows from financing activities				
Cash proceeds from placing of new shares	-	-	1,138,979	-
Proceeds from bank borrowings	69,522	361,695	250,300	527,010
Repayments of bank borrowings	(18,230)	(113,400)	(1,095,871)	(326,400)
Proceeds from/(repayment of) loans from related parties	-	-	500,000	-
Interest paid	(62,364)	(40,553)	(157,163)	(130,670)
Cash released from restricted deposits in relation to interest payments for bank borrowings	-	-	195,300	20,000
Cash placed as restricted deposits in relation to interest payments for bank borrowings	-	15,171	-	(4,300)
Cash placed as restricted deposits in relation to interest payments for trust loan borrowings	-	(19,574)	-	(19,574)
Net cash (outflow)/inflow from financing activities	(11,072)	203,339	831,545	66,066
Net increase/(decrease) in cash and cash equivalents	(32,144)	213,606	1,205,576	117,234
Cash and cash equivalents at beginning of period	1,374,553	132,895	136,833	229,267
Cash and cash equivalents at end of period	1,342,409	346,501	1,342,409	346,501

- 1(d)(i) **A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Statements of Changes in Equity

Group

9 months ended 30 September 2014

RMB'000	Equity attributable to owners of the parent					
	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2014	2,980,809	579,270	(1,102,891)	2,457,188	522,096	2,979,284
Total comprehensive income	-	-	(159,746)	(159,746)	(41,478)	(201,224)
Placing of 5,347,921,071 new shares	1,130,032	-	-	1,130,032	-	1,130,032
Balance as at 30 September 2014	<u>4,110,841</u>	<u>579,270</u>	<u>(1,262,637)</u>	<u>3,427,474</u>	<u>480,618</u>	<u>3,908,092</u>

9 months ended 30 September 2013

RMB'000	Equity attributable to owners of the parent					
	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
Balance as at 1 January 2013	2,980,809	579,270	(889,899)	2,670,180	570,367	3,240,547
Total comprehensive income	-	-	(48,119)	(48,119)	3,100	(45,019)
Change in non-controlling interests due to the dissolution of a subsidiary	-	-	-	-	(2,000)	(2,000)
Balance as at 30 September 2013	<u>2,980,809</u>	<u>579,270</u>	<u>(938,018)</u>	<u>2,622,061</u>	<u>571,467</u>	<u>3,193,528</u>

Company**9 months ended 30 June 2014**

RMB'000	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2014	2,980,809	1,912,683	(2,002,889)	2,890,603
Total comprehensive income	-	-	8,154	8,154
Placing of 5,347,921,071 new shares	1,130,032	-	-	1,130,032
Balance as at 30 September 2014	<u>4,110,841</u>	<u>1,912,683</u>	<u>(1,994,735)</u>	<u>4,028,789</u>

9 months ended 30 June 2013

RMB'000	Share capital	Other reserves	Accumulated losses	Total
Balance as at 1 January 2013	2,980,809	1,912,683	(1,972,078)	2,921,414
Total comprehensive income	-	-	(15,689)	(15,689)
Balance as at 30 September 2013	<u>2,980,809</u>	<u>1,912,683</u>	<u>(1,987,767)</u>	<u>2,905,725</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The number of shares that may be issued on conversion of all the outstanding convertibles (including the number of shares held as treasury shares, if any) and against the total number of issued shares excluding treasury shares as at 30 September 2014 and as at 30 September 2013 are set out below:

	As at 30 September 2014	As at 30 September 2013
	No. of shares	No. of shares
Completion of the subscription of shares by CDBIH	5,347,921,071	-
Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	4,498,198,676

The Group has no outstanding convertible instruments as at 30 September 2014

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	9 months ended 30 September 2014	12 months ended 31 December 2013
	No. of shares	No. of shares
Total number of issued shares excluding treasury shares as at the beginning of the period	4,498,198,676	4,498,198,676
Completion of subscription of shares by CDBIH	5,347,921,071	-
Add/(Less): Treasury shares	-	-
Total number of issued shares excluding treasury shares as at the end of the period	9,846,119,747	4,498,198,676

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Group had no treasury shares in issue as at 30 September 2014.

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited annual financial statements for the financial year ended 31 December 2013, except that the Group has adopted all the new and amended IFRS and IFRIC interpretations effective in the 9 months ended as at 30 September 2014.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group and the Company have adopted all the new and revised International Financial Reporting Standards ("IFRSs") that are relevant in the current financial period. The adoption of these new/revised IFRSs has no material effect on the financial statements.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

		Group			
	Earnings per ordinary share for the period based on profit attributable to shareholders after deducting any provision for preference dividends	3Q from 1 July 2014 to 30 September 2014	3Q from 1 July 2013 to 30 September 2013	9 months ended 30 September 2014	9 months ended 30 September 2013
(i)	Based on the weighted average number of ordinary shares on issue (RMB)	(0.0056)	(0.0175)	(0.0196)	(0.0107)
(ii)	On a fully diluted basis (RMB)	(0.0056)	(0.0175)	(0.0196)	(0.0107)

The calculation of basic earnings per share amounts is based on the profit/(loss) attributable to ordinary equity holders of the parent for the period ended 30 September 2014 and the period ended 30 September 2013.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	3Q from 1 July 2014 to 30 September 2014	3Q from 1 July 2013 to 30 September 2013	9 months ended 30 September 2014	9 months ended 30 September 2013
	RMB'000	RMB'000	RMB'000	RMB'000
Loss attributable to ordinary equity holders of the parent	(55,549)	(78,745)	(159,746)	(48,119)
Weighted average number of ordinary shares outstanding	9,846,119,747	4,498,198,676	8,141,837,208	4,498,198,676
Add: Net effect of potential dilutive ordinary shares of employee share options	-	-	-	-
Number of ordinary shares used to calculate the diluted earnings per share	9,846,119,747	4,498,198,676	8,141,837,208	4,498,198,676

7 Net asset value (for the issuer and the group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares of the issuer as at the end of the period reported on (RMB)	0.3969	0.6623	0.4092	0.6426

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the

group during the current financial period reported on.

Operating Results

Pursuant to the Disposal Master Agreement entered into on 10 October 2013 and the subsequent completion of CDB share subscription on 28 March 2014, relevant financial information of Disposal Assets (assets unrelated to our core business of planning and developing new town projects, as defined under “Disposal Assets” in the Company’s announcement dated 10 October 2013) has been reclassified as “assets classified as held for sale”, “liabilities directly associated with the assets classified as held for sale” and “financial results from discontinued operations”.

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction for land use rights. The frequency and selling prices of public auction, likely to be affected by all kinds of variables, are not completely within the control of the Group. In the third quarter of 2014, there was no land sale recorded from our land development projects.

Operating Expenses

Selling and distribution costs

In the third quarter of 2014, selling and distribution costs decreased by RMB 8.57 million as compared with the same period of 2013. In the same period of 2013, sponsorship in relation to the construction of Baoshan Temple with the total amount of RMB 8 million was incurred to promote the Golden Luodian regional branding and publicity. There was no such expense in this year, resulting in the decrease.

Administrative expenses

In the third quarter of 2014, administrative expenses increased by RMB 14.55 million (or 200%) as compared with the same period of 2013. This was mainly because of the one off administrative expense in relation to the transfer of administrative center to Beijing.

Other expenses

In the third quarter of 2014, other expenses decreased by RMB 0.45 million (or 78%) as compared with the same period of 2013. The reduction in expenses resulted from the decrease of the bank’s administrative charge by RMB 0.42 million as a result of our repayment of off-shore loan under domestic guarantee in early April.

Finance costs

In the third quarter of 2014, we recorded total finance costs of RMB 16.53 million, which comprised of interest expenses and none of which have been capitalized. The finance costs decreased by RMB 10.19 million (or 38%) as compared with the same period of 2013. Specifically, the decrease was primarily due to the lowering of overall financing costs as a result of repayment of a trust loan.

Statements of Financial Position

Investments in a joint venture and investments in an associate

The balance as at 30 September 2014 decreased by RMB 55.86 million as compared with the balance at the ended of 2013 mainly due to the classification of “assets classified as held for sale”. For details, please refer to the note of “Discontinued operations” section as below.

Property, plant and equipment

The balance as at 30 September 2014 decreased by RMB 1.55 billion as compared with the balance at the end of 2013, which was mainly due to the reclassifications of “assets classified as held for sale”. For further details, please refer to the note on discontinued operations below. The balance in relation to Disposal Assets includes fixed assets such as the Lake Malaren Hospital, Lake Malaren Golf Courses, Lake Malaren Hotel, Shenyang Golf Courses and Lake Malaren Convention Centre, the costs of which were RMB 490 million, RMB 470 million, RMB 240 million, RMB 130 million and RMB 110 million respectively.

Trade receivables (non-current and current assets)

The balance as at 30 September 2014 decreased by RMB 610 million as compared with the balance at the end of 2013, which was mainly due to i) the effects of reclassifications of “assets classified as held for sale” amounting to RMB 7.38 million. For further details, please refer to the note on discontinued operations below; ii) collecting receivables in relation to land sold amounting to RMB 690 million in the first half of 2014; and iii) the receivables of RMB 56.81 million arising from the land sold in the second quarter of 2014.

Land development for sale

The balance as at 30 September 2014 decreased by RMB 93.82 million as compared with the balance at the end of 2013, which was mainly due to 1) the effect of amount attributable to RMB 54.28 million resulted from the classification of “assets classified as held for sale”. For details, please refer to the note of “Discontinued operations” section as below; and ii) the effect of amount attributable to RMB 46.4 million was allocated to cost of sales for the land parcel sold in the second quarter of 2014.

Property under development for sale

The balance as at 30 September 2014 decreased by RMB 1.57 billion as compared with the balance at the end of 2013, which was mainly resulted from the reclassifications of “assets classified as held for sale” amounting to RMB 1.57 billion. In addition, there was also a movement of around RMB 88.74 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepaid land lease payments (current assets)

The balance as at 30 September 2014 was RMB 640 million lower than the balance at 2013 year end, mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB 640 million. In addition, there was also a movement of around RMB 73.95 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Prepayments (current assets)

The balance as at 30 September 2014 decreased by RMB 90.23 million as compared with the balance at the end of 2013, which was mainly resulted from the classification of “assets classified as held for sale” amounting to RMB 93.14 million. In addition, there was also a movement of around RMB 25.36 million in such reclassified assets. For details, please refer to the note on discontinued operations below.

Other receivables

The balance as at 30 September 2014 was RMB 17.08 million lower than the balance at 2013 year end, mainly due to reclassifications to “assets classified as held for sale” in the amount of RMB 21.52 million. In addition, there was also a movement of around RMB 130 million in such reclassified assets. For further details, please refer to the note on discontinued operations below.

Trade payables

The balance as at 30 September 2014 was RMB 1.009 billion lower than the balance at 2013 year end, mainly because that the trade payables recorded in 2013 year end in the amount of RMB 654 million has been settled during the first half of 2014 and that RMB 398 million of trade payables has been reclassified to “liabilities directly associated with assets classified as held for sale”. In addition, there was also a movement of around RMB 19.58 million in such reclassified assets.

Other payables and accruals

The balance as at 30 September 2014 was RMB 368 million lower than the balance at 2013 year end, mainly due to reclassifications to “liabilities directly associated with assets classified as held for sale” in the amount of RMB 258 million. In addition, there was also a movement of around RMB 60.31 million in such reclassified assets. Furthermore, there was an increase of RMB 3.18 million attributable to accrued business tax associated with land sale.

Advances from customers

The balance as at 30 September 2014 decreased to zero, mainly because of reclassifications to “liabilities directly associated with assets classified as held for sale” in the amount of RMB 336 million. For further details, please refer to the note on discontinued operations below.

Advances from the settlement of disposal assets

The balance as at 30 September 2014 was RMB 553 million higher than the balance at 2013 year end, mainly because of consideration payment received from SREI pursuant to the Disposal Master Agreement. However, affected by the progress of approval by the authorities, the corresponding disposal was not completed by the end of the period, therefore the consideration payment has been recorded as an advance.

Deferred income arising from land development

The balance as at 30 September 2014 was RMB 2.14 million higher than the balance at 2013 year end. This was because of the uncompleted portion of the land parcel sold in the second quarter of this year, based on a 96.17% completion ratio, has been recorded as deferred income in the period.

Discontinued operations

On 10 October 2013, the company, China Development Bank International Holdings Limited (“**CDBIH**”) and SRE Investment Holdings Co. Ltd. (“**SREI**”, the then controlling shareholder of the Company) entered into share subscription agreement (“**Subscription Agreement**”), pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 shares of the Company (the “**Subscription**”). The Subscription has been completed in the quarter and the relevant shares have been issued.

As a schedule of the Subscription Agreement, the Company and SREI entered into the Disposal Master Agreement (“**Disposal Master Agreement**”) pursuant to which the Company agreed to dispose the Disposal Assets at the terms and conditions under the Disposal Master Agreement, and SREI agreed to purchase the Disposal Assets at total consideration of RMB 2,069,832,594, the relevant consideration of which shall be paid in several cash instalments (“**Assets Disposal**”). For the latest information on the progress of the Disposal Assets, please refer to the announcement posted by the Company on 29 September 2014. As at 30 September 2014, the Disposal Assets are classified as assets held for sale in financial statements and deemed discontinued operations of the Group.

The financial results of discontinued operations in the following periods are as set out below:

RMB'000	3Q 2014 As at 30 September 2014	3Q 2013 As at 30 September 2013
Group		
Revenue	289,893	465,507
Cost of sales	(202,675)	(443,120)
Gross profit		
	87,218	22,387
Other income	2,691	9,673
Selling and distribution costs	(60,717)	(65,982)
Administrative expenses	(68,174)	(57,977)
Other expenses	(2,964)	(10,420)
Fair value loss on completed investment properties	(326)	-
Operating loss from discontinued operations	(42,272)	(102,319)
Finance costs	(72,373)	(84,680)
Share of loss from jointly-controlled entities	(97)	-
Loss before tax from discontinued operations	(114,742)	(186,999)
Income tax	(522)	37,152
Loss for the year from discontinued operations	(115,264)	(149,847)

The major classes of assets and liabilities classified as held for sale as at 30 September 2014 are as follows:

RMB'000	30 September 2014
Assets:	
Investments in associate(s)	200
Investments in joint venture	55,559
Property, plant and equipment	1,537,422
Completed investment properties	740,000
Investment properties under construction	106,000
Prepaid land leases – long-term	146,701
Trade receivables – long-term	108
Deferred tax assets	36,827
Other assets	43,122
Land development for sale	54,284
Properties under construction for sale	1,657,735
Prepaid land leases – short-term	568,363
Inventories	6,322
Prepayments	67,776
Other receivables	155,941
Trade receivables	8,530
Prepaid income taxes	19,474
Cash and bank balances	41,506
Assets classified as held for sale	5,245,870
Liabilities:	
Interest-bearing bank and other borrowings	869,735
Non-current interest-bearing bank and other borrowings	832,460
Deferred income from sale of golf club memberships	474,112
Trade payables	378,236
Other payables and accruals	317,949
Advances from customers	284,018
Deferred tax liabilities	11,044
Current income liabilities	14,475

Liabilities directly associated with assets classified as held for sale	3,182,029
Net assets directly associated with Disposal Assets	2,063,841

The net cash flows related to Disposal Assets are as follows:

	9 months ended 30 September 2014	2013
Operating	176,546	176,088
Investing	(11,867)	32,869
Financing	(207,728)	(238,749)
Net cash (outflow) / inflow	(43,049)	(29,792)

Liquidity

Overall, cash and cash equivalents (excluding restricted cash) in the period increased by RMB 1.206 billion as compared with 2013 year end, with balance of RMB 1.342 billion as at 30 September 2014. This was due to net operating cash inflow of RMB 367 million, net financing cash inflow of RMB 832 million and net investing cash inflow of RMB 7 million in the first 9 months of 2014.

Gearing ratio (defined as net debt / sum of shareholder equity and net debt) at 30 September 2014 has substantially decreased in comparison with 31 December 2013, mainly due to the fact that cash balance at the end of the period includes cash proceeds from placing of newly issued shares of RMB1,139 million.

9 **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

The results for the current quarter is generally in line with the statements made in the Company's commentary in paragraph 9 of 2014 second quarter results. The Company considered that the market conditions remain similar to that were expected in the last period.

10 **Commentary of the significant trends and competitions of the industry in which the Group operates as at the date of this announcement and any known factors or events that may affect the Group in the next reporting period and the next 12 months.**

Heading into the third quarter of 2014, the property market in China continued downward adjustment trends. Weak sales continued, with nationwide commodity housing area sold sliding 8.6% year-on-year, a decline for the ninth month in a row. Selling price continued to trend downward too. In the months July to September of 2014, new home price index of the country's 70 large and medium cities was respectively up 2.4%, up 0.5% and down 1.1% compared with same period in the previous year, first time in the negative growth territory since December 2012. On a quarter-on-quarter basis, the same index has been trending down at respectively 0.9%, 1.1% and 1.0% in the three months of the quarter. Funding among property developers remained tight, with sector paid-in capital growing at merely 2.3% in the first nine months, which was the ninth straight decelerating month.

As the property market continued to adjust downward, there was a noticeable relaxation in property curbing policies. Up to the end of September, previously imposed purchase restrictions were lifted among all cities with the exception of Beijing, Shanghai, Shenzhen, Guangzhou and Sanya. Simultaneously, there was also a gradual relaxation on credit policies over properties with the clear objective of stimulating the consumption demand for commodity housing. On 30 September 2014, the People's Bank of China and the China Banking Regulatory Commission jointly published the *Notice regarding the Enhancement of Financial Services for Housing*, clearly stipulating minimum first home down payment ratio of 30%, while the floor for loan rate was set at 0.7x of benchmark rate. In addition, for households who own their first home while mortgage is fully repaid, their

applications for property loans for housing improvement purposes would be deemed as first time mortgages. Furthermore, at cities where purchase restrictions were either lifted or not applied, third house loan restrictions were relaxed. In October, the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the Treasury jointly published the *Notice regarding the Development of Housing Provident Fund for Individual Housing Loans*, announcing further credit support policies such as relaxing provident fund loans and promoting cross-region loans, as well as reasonably raising first loan quotas. It is expected the adjustment in credit policy can provide support to stabilize the demand in the property market.

After the CDBIH Subscription, the Company has been actively advancing the progress of new projects. On 3 November 2014, the Company announced that it has entered into the *Cooperative Agreement regarding Development of Nanjing Yuhuatai District Two Bridges Project and Software Valley South Park* with the People's Government of Nanjing Yuhuatai District and CDB Capital. The Company shall contribute RMB 490 million capital to joint venture with the Yuhuatai District Government in primary land development of the site with total area of 21.4 sq.km.. The Company has secured an after-tax fixed investment return on our contributed capital of 12.8%. In addition, the Company shall also participate in secondary land development of selected land parcels in the region, broadening the source of profits.

We expect new model of urbanization will continue to be the focus of national policy. The Company shall leverage on the experience and strategic resources of our controlling shareholder and continue to grow our business in new-type urbanization. On the backdrop of property market adjustments, we shall prudently explore potential business opportunities and actively seek to expand new project pipeline, so as to create sustainable return for shareholders.

11 **Dividend**

(a) **Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? **No**

(b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

(d) **Date Payable**

Not applicable

(e) **Book Closure Date**

Not applicable

12 **If no dividend has been declared/recommended, a statement to that effect.**

No dividend has been declared or recommended for the third quarter ended 30 September 2014.

13 Interest Persons Transactions (“IPT”)

RMB'000	9 months ended 30 September 2014	
Name of interested person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
CDB Siyuan (Beijing)	500,000	-

CDB Siyuan (Beijing) Investment Fund Limited is managed by a fully-owned subsidiary of CDB Capital and is therefore deemed the Company's interested person under the Listing Manual of SGX-ST. As at 30 September 2014, a half-year RMB 500 million loan with unrestricted use has been provided to the Company for the purposes of repaying a trust loan and improving the overall finance costs of the Group. For further details, please refer to the Company's announcement dated 27 June 2014.

14 Negative assurance confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the interim unaudited financial statements of China New Town Development Company Limited for the third quarter and 9 months ended 30 September 2014 presented in this announcement to be false or misleading in any material aspect.

15 Subsequent event

On 3 November 2014, the Company entered into the *Cooperative Investment Agreement regarding the Development of Nanjing Yuhuatai District Two Bridges Project and Software Valley South Park* with the People's Government of Nanjing Yuhuatai District, Nanjing State-Owned Asset Operations Center and CDB Capital. Pursuant to the agreement, the Company shall contribute RMB 490 million capital to the sole land development platform of Yuahuatai District Government at the Two Bridges region and cooperate with the Yuhuatai District Government in primary land development of the site with total area of 21.4 sq.km.. The Yuhuatai District Government shall ensure the Company receives an after-tax fixed investment return of 12.8% on its contributed capital. In addition, the Company and the Yuhuatai District Government shall establish a joint venture under the Company's control to jointly participate in secondary land development. Please refer to details in the Company's announcement dated 3 November 2014 and the business outlook section of this announcement.

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

Singapore and Hong Kong, 14 November 2014

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