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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

VOLUNTARY ANNOUNCEMENT

Investment in Hunan Shanty-town Reformation Projects by CDB(Beijing) New-Type Urbanization Development Fund

Reference is made to the announcement (the “**Announcement**”) of China New Town Development Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on entering into limited partnership agreement in respect of the setting up of an investment partnership on 16 June 2015. Capitalised terms in this announcement shall, unless otherwise specified, have the same meaning defined in the Announcement.

The Board of Directors (the “**Board**”) is pleased to announce that in accordance with the funding notice from the General Partner, among the RMB 446.6 million invested by the Partnership in the Shanty-town Reformation Projects (the “**Projects**”) in Shaoyang city and Yueyang city of Hunan Province, the Company’s wholly-owned subsidiary CDB New Town shall contribute a lump-sum of RMB 6,699,000 as the Junior-Tranche Limited Partner of the Partnership.

The Partnership shall inject equity capital into the project companies, subsidiaries of the respective municipal governments, to provide capital for the shanty-town reformation projects. The investment period shall last for five years, with annualised investment return at 10%. At the expiry of investment period, entities designated by the local governments shall purchase the equity interest in the project companies held by the Partnership. The Partnership shall obtain the investment return by profit distributions from the project companies. In case such profit distributions do not satisfy the agreed investment return, the government entities shall pay the difference. The cash outlay in relation to the guaranteed investment return and equity purchase arrangements shall be included in the municipal fiscal budget.

The details of the Projects are as follows:

City	Project Company	Government-designated entity for equity interest purchase	Investment amount	Investment period	Guaranteed annualised investment return	Exit mechanism	Credit enhancement
Shaoyang	Shaoyang City Affordable-Housing-Development Company Limited (邵陽市城投保障性住房開發有限公司)	Shaoyang City Construction and Investment Management Group Limited (邵陽市城市建設投資經營集團有限公司)	200 million	5 years	10%, which is preferentially met by profit distributions from the project companies, with the respective government-designated entities to pay the difference in case such profit distributions do not satisfy the agreed investment return.	At the expiry of the investment period, the government-designated entities shall purchase the equity interest in the project company held by the Partnership, the consideration of which shall be the sum of invested equity and accrued investment returns.	Backed by approval documents from the municipal governments and People's Congress evidencing that the relevant investment return has been included in the municipal fiscal budgets and executed scheduled disbursement agreements with the government-designated entities.
Yueyang	Yueyang Shanty-town Reformation Investment Corporation Limited (岳陽市棚改投資有限責任公司)	Yueyang City Construction and Investment Company Limited (岳陽市城市建設投資有限公司)	246.6 million				

The Projects are the Partnership's new batch of shanty-town reformation projects in a new province after Luzhou project. The Projects have received shanty-town reformation credit facilities from China Development Bank ("CDB"), reflecting the synergies between capital investment and CDB's lending capability. It is also a highly secured investment considering the investment return and exit arrangements have been included in the municipal fiscal budget. Assuming that the preferential investment gains to the Senior-Tranche Limited Partner and Mid-Tranche Limited Partners are satisfied in accordance with the profit sharing and claw-back mechanisms of the Partnership and no claw-back is required, based on the guaranteed investment return of 10% per annum to be received by the Partnership from the Projects, the Projects are expected to generate an annual return on investment of approximately 30% for the Company as a Junior-Tranche Limited Partner. For further details of profit sharing and claw-back mechanisms of the Partnership, please refer to the section "Profit sharing and claw-back mechanisms" in the Announcement.

Riding on the Partnership's investment, the Company is expected to continuously participate in the new type of urbanization projects throughout the country, and create better returns for our shareholders.

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

Hong Kong and Singapore, 10 August 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.