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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

Entering into Memorandum of Understanding on Yangzhou Airport New Town Project

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 the Company has on 11 November 2015 entered into a Memorandum of Understanding (the “**MOU**”) with the Administrative Committee of Yangzhou Airport New Town (the “**Committee**”) and Hengfeng Bank Company Limited, Yangzhou branch (“**Hengfeng Bank**”) regarding the comprehensive cooperation on the development of Yangzhou Airport New Town (“**Yangzhou Airport New Town**”).

Yangzhou Airport New Town is an industrial new town built around and fueled by the Yangzhou-Taizhou International Airport (the “**Yang-Tai Airport**”). Jointly funded by the Yangzhou and Taizhou municipal governments, the Yang-Tai Airport is located in Jiangdu District of Yangzhou (揚州市江都區), with currently around 20 domestic routes connecting medium to large cities in China. The State Council granted tier-one airport permit to the Yang-Tai Airport in 2015, after which international flights to South Korea, Taiwan, Hong Kong and Southeast Asia gradually commenced. According to official planning, its annual traffic is expected to rapidly grow to over 2 million passengers and 20,000 tons of cargo by 2020. With a planning area of over 20 square kilometers, Yangzhou Airport New Town is located at a strategic location within the Yangtze River Delta and Jiangsu Province, right at the geographical and economic center of Central Jiangsu, simultaneously connecting the vibrant regions of Shanghai, Southern Jiangsu and Central-Northern Jiangsu and Shanghai. It extends the Shanghai and Nanjing metropolitan circles with a dual population coverage of more than 10 million people. Yangzhou Airport New Town features excellent transportation system, including two railways, three high-ways and three ports in

addition to the Yang-Thai airport, a complete “water-road-air” transportation network. A municipal priority project in Yangzhou, the development vision for Yangzhou Airport New Town aspires for an airport-powered economic center and integrated industrial-township development showcase supported by the pillar industries of airport logistics, electronic and information engineering, general aviation and high end commercial services.

Designated by the Yangzhou Municipal Government as the development entity for Yangzhou Airport New Town, the Committee is on track to implementing a few start-up projects including the construction of relocation and resettlement housing, the construction of major roadwork and sewage treatment plant. Pursuant to the MOU, the Company will invest a total amount of RMB 300 million into the development of Yangzhou Airport New Town by way of direct equity investment at the relevant project company and the establishment of a project finance partnership, and shall enjoy a guaranteed fixed return of 13% per annum on its invested capital. Such investment return shall be included in the annual budget of Yangzhou Jiangdu District Government, with the benefit of a commensurate security package as further credit enhancement measures. At the same time, Hengfeng Bank and the Committee shall respectively contribute RMB 1 billion and RMB 300 million to the relevant project company through the finance partnership as senior tranche and junior tranche partners. In addition, the Company will leverage the strong finance background of its parent group to coordinate financial institutes to provide substantial project finance package to the project company, ensuring abundant financial resources to support the rapid development of the project.

On top of capital investment, the Company shall provide operation and management support to the growth of Yangzhou Airport New Town, with comprehensive scope covering regional planning, business and investment sourcing, as well as nurturing regional industrial growth. The Company will integrate the quality resources of China Development Bank’s urbanization strategic alliance, in particular, the nationwide connection with prominent industry players of China Development Bank and China Development Bank Capital through their long time unique role in China’s industrialization, to vastly improve the pace and quality of the industrial development at Yangzhou Airport New Town. The relevant government will provide incentive measures such as performance fees on business sourcing to share the economic value with the Company, which is expected to further boost our return on the project. In addition, upon identifying specific projects with visible profit models, such as industrial park operations and intelligent city operations, the Company shall explore establishing dedicated joint venture with the Committee, using market-driven management and profit sharing approach, to carry out the relevant investments, executions and subsequent operations.

Jiangdu District ranks highest in Yangzhou by major social and economic development indicators, achieving GDP of RMB 78 billion and government revenue of RMB 11.77 billion in 2014. The district government has robust financial position. Considering the investment return and the exit arrangement on our investment in the project benefit from a prudent credit structure and solid credit enhancement measures, this represents an investment with attractive return and risk profile. On top of this, as Yangzhou Airport New Town grows to its full potential, the Company is expected to share exciting opportunities along with the series of urbanization projects launched. Meanwhile, the Company intends to leverage China Development Bank’s strategic resources to bring in quality strategic partners and thus economic vibrancy to the project. In particular, we will be committed to propelling the business sourcing at the region, executing the national policy of integrated

industrial-township development. In return we shall earn attractive profits from the value-add services along the entire value chain of township development and create greater value and return for our shareholders.

The Group will closely work with the Committee and Hengfeng Bank on detailed commercial terms, and will confirm and enter into the legally binding agreement as soon as possible. We will make further announcement in accordance with the relevant listing rules. Through continuous taking advantage of the business synergies with China Development Bank, the Company will continue to deepen its root in the prosperous Yangtze River Delta and rapidly replicate its core strategy of a prudent fixed investment return model while making use of the series of land development platforms at strategic locations to tap into attractive downstream profit opportunities. This will prove crucial in strengthening the Company's brand and market impact in China's urbanization.

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

Hong Kong and Singapore, 11 November 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.