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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)

(Company Registration Number: 1003373)

Hong Kong Stock Code: 1278

Singapore Stock Code: D4N.si

**Entering into Cooperative Investment Agreement
and Capital Contribution to CDB Yuhua**

The Board is pleased to announce that on 3 November 2014, the Company entered into the Agreement with the Yuhuatai District Government, Yuhuatai SOAO and CDB Capital, whereby the signing parties agreed to jointly promote the development of the Projects. Pursuant to the Agreement, the Company has agreed to (through the Designated Entities) contribute additional capital of RMB490,000,000 to CDB Yuhua. Upon completion of the Capital Contribution, the Company will (through the Designated Entities) be interested in 49% of the equity interest in CDB Yuhua and CDB Yuhua will become an associated company of the Company.

To incentivize the Company's contributions in terms of capital sourcing and execution, the Yuhuatai District Government has agreed that Yuhuatai SOAO shall guarantee 17.1% pre-tax fixed investment income on the Company's capital contribution to CDB Yuhua (such that the Company is secured a 12.8% after-tax effective return on its investment).

The signing parties have agreed that the cooperative period of the Two Bridges Project is 5 years from the date on which the Agreement becomes effective and the relevant business registration of the Capital Contribution to CDB Yuhua is completed.

Implications under the Hong Kong Listing Rules and the Singapore Listing Manual

As one of the percentage ratios computed in accordance with the definition of Rule 14.07 of the

Hong Kong Listing Rules exceeds 5% but does not exceed 25%, the Capital Contribution constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. The Company is of the view that the Capital Contribution and the Two Bridges Project are in the ordinary course of its business of primary land planning and development of new town projects in major cities in the PRC.

CDB Capital, a party to the Agreement, is the controlling shareholder of the Company. However, the value of the transaction in relation to CDB Capital is nil as CDB Capital will not be receiving any consideration from the Company under the Agreement.

The Capital Contribution is therefore subject to reporting and announcement requirements under the Hong Kong Listing Rules and Singapore Listing Manual.

INTRODUCTION

This announcement is made by the Company pursuant to the disclosure requirements under Chapter 14 of the Hong Kong Listing Rules and Chapter 704(17)(c) of the Singapore Listing Manual. The Board of the Company refers to the announcement dated 30 June 2014 in relation to the entering into of the Framework Agreement.

The Company wishes to announce that after further negotiations between the parties, on 3 November 2014, the Company has entered into the Agreement with the Yuhuatai District Government, Yuhuatai SOAO and CDB Capital, whereby the parties have agreed to jointly promote the development of the Projects.

Pursuant to the Agreement, the Company has agreed to (through the Designated Entities) contribute additional capital of RMB490,000,000 to CDB Yuhua. Upon completion of the Capital Contribution, the Company will (through the Designated Entities) be interested in 49% of the equity interest in CDB Yuhua and CDB Yuhua will become an associated company of the Company.

DETAILS OF THE AGREEMENT

Date

3 November 2014

Parties

- (1) Yuhuatai District Government;
- (2) Yuhuatai SOAO;
- (3) CDB Capital; and
- (4) the Company.

The Company confirms that, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Yuhuatai SOAO, the Yuhuatai District Government and

their respective ultimate beneficial owner(s) are third parties independent of the Company and its connected person(s) save and except for CDB Capital, who is the controlling shareholder of the Company.

Capital Contribution

CDB Yuhua is a company incorporated in the PRC. As at the date of this announcement, CDB Yuhua has a registered capital of RMB510,000,000, owned as to 80.4% and 19.6% by Software Valley Tourism and Software Valley Asset, respectively.

Pursuant to the Agreement, the Company has agreed to (through the Designated Entities) contribute additional capital of RMB490,000,000 to CDB Yuhua. Upon completion of the Capital Contribution, the registered capital of CDB Yuhua will increase from RMB510,000,000 to RMB1,000,000,000. The shareholding in CDB Yuhua immediately before and after completion of the Capital Contribution is as follows:

	Before completion of the Capital Contribution		Capital Contribution	After completion of the Capital Contribution	
	Contribution of Paid-in Capital (RMB million)	Shareholding Interests	Contribution of Paid-in Capital (RMB million)	Contribution of Paid-in Capital (RMB million)	Shareholding interests
Software Valley Tourism	410	80.4%	0	410	41.0%
Software Valley Asset	100	19.6%	0	100	10.0%
Funding entities of the Company	0	0.0%	490	490	49.0%
Total	510	100.0%	490	1,000	100.0%

The registered capital will be contributed within a month from the date on which the conditions precedent are fulfilled or waived.

The aggregate consideration for the Capital Contribution is RMB490,000,000, being 49% of CDB Yuhua's enlarged registered capital of RMB1,000,000,000. The enlarged registered capital of RMB1,000,000,000 was arrived at taking into account the funding requirements of the Two Bridges Project. The Capital Contribution will be funded by the Group's internal resources, including, among other things, existing bank balances and funds to be generated from operations.

There is no open market value attributable to the 49% equity interest in CDB Yuhua as CDB Yuhua is a newly incorporated company with no major assets as at the date hereof.

The Capital Contribution is not expected to have any material impact on the net tangible assets per share and earnings per share of the Company and the Group for the current financial year.

Conditions Precedent

Completion of the Capital Contribution is conditional upon the fulfilment or wavier of the following conditions precedent:

1. the existing registered capital of CDB Yuhua being evidently fully paid by Software Valley Asset and Software Valley Tourism;
2. CDB Yuhua having obtained all necessary approvals in respect of the Capital Contribution;
3. there are no other factors (save and except for breach by the Company) which prohibit the Designated Entities to fulfil the obligations for the Capital Contribution.

Other Key Terms

1. Pursuant to the Agreement, the Yuhuatai District Government has agreed to contractually appoint CDB Yuhua as the sole authorised primary land development entity of the Two Bridges Project, which has a total site area of 21.4 sq.km.. In addition, CDB Yuhua shall have the priority to participate in the development of other primary land projects within the planning area of the Yuhuatai District under the same conditions.
2. The Yuhuatai District Government has agreed that Yuhuatai SOAO shall guarantee 17.1% pre-tax fixed investment income on the Company's capital contribution to CDB Yuhua. This fixed investment income is to be satisfied as follows: CDB Yuhua shall pay dividends to its shareholders each year as practicable. If such dividends do not satisfy the afore-mentioned fixed return requirement for the Company, the Yuhuatai District Government and Yuhuatai SOAO shall or shall ensure that their subsidiaries pay the Company the necessary amount to satisfy such requirement.

The Company expects to effectively realise an after-tax fixed return of 12.8% after paying the relevant tax upon receiving such income.

3. CDB Yuhua's board shall comprise of seven directors, three of which shall be nominated by the Yuhuatai District Government and Yuhuatai SOAO, three of which shall be nominated by the Company, and the remaining director shall be an employee representative nominated by the Yuhuatai District Government and Yuhuatai SOAO and elected at employee union meetings or other form of elections. All major decisions of CDB Yuhua require unanimous consensus of its board of directors. No director shall be allowed to take unilateral action.
4. To support CDB Yuhua's development costs and liquidity, the Yuhuatai District Government have agreed to coordinate and reimburse CDB Yuhua for the sale proceeds from the sale of land parcels under CDB Yuhua's development after deducting the relevant taxes and levies as required by the relevant laws and regulations. The Yuhuatai District Government has agreed to grant CDB Yuhua participation rights in master planning, land sale planning and price setting, as well as land sale scheduling, and shall

secure the yearly land sale quotas for CDB Yuhua.

5. The signing parties have agreed in-principle to establish a joint venture with the Company or its wholly-owned subsidiary, under the Company's control, to jointly participate in secondary land development of the Projects. The area for secondary land development of the Projects is to be chosen out of a total planning area of 40.4 sq.km..
6. The signing parties have agreed in-principle to establish a joint venture under the Company's control, to manage the constructions and long-term operations of ancillary facilities such as intelligent systems, alternative energy systems, including the building of relevant service interface and operating systems. The Yuhuatai District Government commits to fully support the joint venture, including but not limited to the provision of fiscal subsidising policies such as tax relief.

Matters disclosed in items 5 and 6 above shall be subject to further agreement between the parties and appropriate announcements will be made at the relevant time.

Cooperative Period and Exit Arrangements

The signing parties have agreed that the cooperative period of the Agreement is five years from the date when the Agreement becomes effective and the relevant business registration of the capital contribution to CDB Yuhua is completed.

Before expiry of the term of the Agreement, the parties shall decide whether to extend the cooperative period and relevant terms and conditions accordingly.

Upon expiry of the term of the Agreement, termination shall take place in the following manners:

1. CDB Yuhua to repurchase the Company's equity interest in CDB Yuhua;
2. Yuhuatai SOAO or third parties designated by Yuhuatai District Government to purchase the Company's equity interest in CDB Yuhua; or
3. CDB Yuhua's shareholders to liquidate CDB Yuhua.

Upon termination, the Yuhuatai District Government and Yuhuatai SOAO shall pay the Company or its designated companies an amount equal to the Company's capital contribution plus entitled fixed income of the current year and accrued from all previous years.

The Company will comply with all applicable laws and regulations, including the Hong Kong Listing Rules and Singapore Listing Manual when exercising the exit arrangement.

Summary of Key Commitments By the Signing Parties Under the Agreement

The Yuhuatai District Government

Pursuant to the Agreement, the Yuhuatai District Government commits to:

- a) Procure the guaranteed payment of fixed investment income by Yuhuatai SOAO on the Company's capital contribution to CDB Yuhua;
- b) timely fulfill the promised exit arrangements of the Company's capital contribution to CDB Yuhua;
- c) support the development of the Company by utilising 50% of the district-retained portion of business taxes, land appreciation taxes, corporate taxes and personal taxes paid by the Company's subsidiaries which are incorporated in the Yuhuatai District (other than CDB Yuhua) in the form of fiscal subsidies or government-led public utilities constructions; and
- d) coordinate all government approval procedures in relation to the Projects, so as to facilitate the smooth progress of the Projects.

Yuhuatai SOAO

Pursuant to the Agreement, Yuhuatai SOAO commits to:

- a) guarantee the fixed investment income on the Company's capital contribution to CDB Yuhua; and
- b) timely fulfill the promised exit arrangements of the Company's capital contribution to CDB Yuhua.

CDB Capital

Pursuant to the Agreement, CDB Capital commits to:

- a) procure the funding of the Capital Contribution by the Company and shall assist the Company in obtaining financing supports;
- b) introduce quality strategic resources and business partners, including leading international township developmental and operational ideas and strong strategic business partners, introduce experts in the fields of design, master planning and finance etc., and leverage the nationwide influence of CDB Capital to further enhance the reputation of the Yuhuatai District and the Two Bridges Project; and
- c) contribute the resources under the strategic alliance, i.e. to open up resources from its China Urbanisation Strategic Alliance (中國城市開發戰略聯盟) to the Yuhuatai District Government, so as to coordinate the leading corporates within the alliance to participate in regional development and assist the Company in implementing investments in relation to relevant industries and ancillary commercial service sectors.

Company

Pursuant to the Agreement, the Company commits to:

- a) coordinate the funding of CDB Yuhua, including the provision of equity and debt financing solutions and related financial products, especially procuring the mid to long-term financing packages in favor of CDB Yuhua;
- b) in principle ensure CDB Yuhua obtains various financing packages totalling no less than RMB3,000,000,000 in the first two years during the term of the Agreement, subject to the actual financing needs of CDB Yuhua, and to procure future financing support to meet the actual funding needs in accordance with development scale and progress by stage;
- c) concede a downward adjustment to the fixed return every year from the particular year that the Company fails to obtain such financing packages, subject to a maximum of 20% of such return and at the discretion of the Yuhuatai District Government and Yuhuatai SOAO taking the Company's fulfillment on other commitments into consideration, until the financing packages are obtained;
- d) send a team of experts with professional and recognised experience in township development and operations to CDB Yuhua to provide practical integrated solutions in urban constructions and developments in the Two Bridges Project; and
- e) leverage on CDB Capital's China Urbanisation Strategic Alliance to bring in quality strategic partners along the entire urban development value chain, so as to participate in the development of software industrial park and its ancillary living area within the Software Valley, as well as introducing high-end commercial service industries in accordance with master planning.

REASONS FOR AND BENEFITS OF THE AGREEMENT AND THE CAPITAL CONTRIBUTION

The Board is of the view that the commencement of the Group's fourth township development project, the Two Bridges Project, along with the entering into of the Agreement, mark the first and strategically meaningful step in the Group's rapid project expansion under the support of CDB Capital. As primary land development is a capital intensive business and has high entry barriers for developers, the Company has not been able to accumulate a sizeable project portfolio. Financial results have therefore been unstable, hindering the formation of brand value and core competency. However, with CDB Capital becoming a controlling shareholder of the Company, there is a breakthrough opportunity. The commencement of the Two Bridges Project is largely attributable to the strong governmental relationship of CDB and CDB Capital, as well as the full support of CDB Capital through its strategic resources in financing and township development industry.

The fixed investment income model of primary land development under the Two Bridges Project is the Group's innovative business model, with the characteristics of visible return profile, relatively short payback period and clearly specified capital commitment scope and exit period. It is expected that this model will make steady financial and cashflow contribution amid volatile business cycles in the property sector, helping to balance out the risk-return characteristics of the Group's three existing new town projects in Shanghai, Wuxi and Shenyang.

In addition, the Company shall appoint a professional team to assist in project development, and shall be well positioned to utilise its profound understanding in the Project's master planning gained in the project management process and leverage off the primary development platform to proactively explore profit sources from secondary land development and other ancillary facility projects, further enhancing return to shareholders.

As the capital city of Jiangsu Province and provincial economic centre, the economic vibrancy, municipal development potential and land market dynamics highly match the Company's selection criteria. With the district backed by the vibrant industrial economy of the China (Nanjing) Software Valley, the Yuhuatai District Government has solid fiscal strength and is an ideal partner for primary land development.

In summary, the Board is of the view that the terms of the Agreement and the Capital Contribution are fair, reasonable and are in line with the interests of shareholders as a whole. The Company will continue to rely on national macro policy support on urbanisation, leverage the strategic resources of CDB and CDB Capital, consolidate its position as the country's leading new town developer and integrated operator, and actively pursue more township development projects with investment value, so as to maximise shareholder values.

Implications under the Hong Kong Listing Rules and the Singapore Listing Manual

As one of the percentage ratios computed in accordance with the definition of Rule 14.07 of the Hong Kong Listing Rules exceeds 5% but does not exceed 25%, the Capital Contribution constitutes a discloseable transaction under the Hong Kong Listing Rules.

For the purposes of the Singapore Listing Manual, the Company is of the view that the Capital Contribution and the Two Bridges Project is in the ordinary course of its business of primary land planning and development of new town projects in major cities in the PRC.

Although CDB Capital, the controlling shareholder of the Company, is one of the Agreement's signing parties, its participation under the Agreement only involve certain commitments on supporting the Two Bridges Project's development and does not involve any direct or indirect interests in the Two Bridges Project. Therefore the Agreement does not constitute a connected transaction under the Hong Kong Listing Rules.

For the purposes of Chapter 9 of the Singapore Listing Manual, the value of the transaction in relation to CDB Capital is nil as CDB Capital will not be receiving any consideration from the Company under the Agreement.

Save from CDB Capital, none of the directors or controlling shareholders of the Company has any direct or indirect interest in the Capital Contribution and the Two Bridges Project.

Financial Effects of the Capital Contribution under the Agreement

Pro forma effect of the Capital Contribution under on net tangible assets per share as at 31 December 2013

	Before the Capital Contribution	After the Capital Contribution
Net tangible assets (RMB'000)	2,846,659	2,846,659
Net tangible assets per share (RMB)	0.6328	0.6328

Pro forma effect of the Capital Contribution under on earning per share as at 31 December 2013

	Before the Capital Contribution	After the Capital Contribution
Net profits attributable to shareholders (RMB'000)	-212,992	-150,272
Earnings per share (RMB) (RMB)	-0.0474	-0.0334

The effect on earnings per share above is based on the assumption that the Capital Contribution had been effective on 1 January 2013 with annualised after-tax return on investment at 12.8%.

General

About the Projects

Nanjing is the capital city of Jiangsu Province and the second largest city in Yangtze River Delta and East China, with regional GDP of approximately RMB801,178 million in 2013 and per capita disposable income of urban citizen reaching RMB39,881. In May 2014, Jiangsu Province issued *Planning re. New Model Urbanisation and Integrated Urban and Rural Development* (<<新型城鎮化與城鄉發展一體化規劃>>), explicitly outlining the objective to accomplish full urbanisation for the province by 2020 and offering new development opportunities in the region. The Two Bridges Project development region is located at the district center of the Yuhuatai District and at the heart of Nanjing Software Valley, which is China's largest communication software industrial park and achieving annual software and information technology services revenue of around RMB100 billion in 2013. The Two Bridges Project is 2 km west of Nanjing's future central business district and 1.5 km east of the Nanjing South Station, the emerging city sub-centre, and is an important hub for the golden development corridor of southern Nanjing. The primary land development of the Two Bridges Project has a total planned site area of 21.4 sq.km., and the secondary land development of the Projects refers to the selection of suitable land for secondary development within approximately 40.4 sq.km. of planned site area in Two Bridges and Software Valley South Park regions.

About the Yuhuatai District Government

The People's Government of Nanjing Yuhuatai District, which, to the best of the Directors' knowledge, information and belief, and having made reasonable inquiries, is an independent third party of the Group as at the date of this announcement.

About Yuhuatai SOAO

Yuhua District State-Owned Asset Operations was established and funded by the Finance Bureau of Nanjing Yuhuatai District in November of 1997, and is principally engaged in the operations of state-owned assets, consulting, the coordination and use of idle state-owned assets, as well as infrastructure constructions in Nanjing Yuhuatai District. To the best of the Directors' knowledge, information and belief, and having made reasonable inquiries, it is an independent third party of the Group as at the date of this announcement.

About CDB Capital

CDB Capital is the controlling shareholder of the Company. CDB Capital is a wholly-owned subsidiary incorporated by CDB in 2009 in accordance with the reformation plan approved by the State Council, and is principally engaged in private equity investment, direct investment, investment advisory and financial advisory services. It has operated over 20 new town projects in China in the past few years of development and accumulated excellent industry resources.

About the Group

The Group is principally engaged in primary land planning and development of new town projects in major cities in China.

Definitions

In this announcement, unless the context specifies otherwise, these terms shall be interpreted as follows:

"Agreement"	the cooperative investment agreement dated 3 November 2014 entered into among the Yuhuatai District Government, Yuhuatai SOAO, CDB Capital and the Company in relation to, among other things, the Projects;
"Board"	the board of directors of the Company;
"Capital Contribution"	the capital contribution of RMB490,000,000 to CDB Yuhua by funding entities designated by the Company;
"CDB"	China Development Bank Corporation, the parent company of CDB Capital;
"CDB Capital"	China Development Bank Capital Corporation Limited, the controlling shareholder of the Company;
"CDB Yuhua"	Nanjing CDB Yuhua Urban Re-development Company Limited 南京國開雨花城市更新發展有限公司;
"China Urban Development"	China Urban Development Strategic Alliance, consisting of leading business partners of CDB Capital along the urban development value chain, and is the strategic resources of

Strategic Alliance”	CDB Capital accumulated in the township development business;
"Company"	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability, whose shares are listed on both the Hong Kong Stock Exchange and the Singapore Stock Exchange;
"Controlling Shareholder"	shall have the same meaning as defined by the Hong Kong Listing Rules and the Singapore Listing Manual;
"Designated Entities"	direct and indirect subsidiaries of the Company incorporated to provide the Capital Contribution pursuant to the terms of the Agreement;
"Framework Agreement"	the cooperative framework agreement dated 30 June 2014 in respect of the Projects;
"Group"	the Company together with its subsidiaries;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
"Hong Kong Stock Exchange"	the Stock Exchange of Hong Kong Limited;
"primary land development"	the government or its authorised entities, in accordance with the land use master planning, urban master planning and comprehensive regulatory plan, carry out land acquisition, relocation and resettlement, land clearing, as well as infrastructure construction such as town facilities and roads;
"Projects"	the Two Bridges Project and the Software Valley South Park Project;
"RMB"	Renminbi, the lawful currency of the People's Republic of China;
"secondary land development"	refers to the development and construction of land after the land user obtains the land use rights from land market;
"Singapore Listing Manual"	The Listing Manual of the Singapore Exchange Securities Trading Limited;
"Singapore Stock Exchange"	Singapore Exchange Securities Trading Limited;
"Software Valley Asset"	Nanjing Software Valley Asset Management Company Limited (南京軟件谷資產管理有限公司), a wholly-owned subsidiary of the Software Valley Company, is an independent third party of the Group as at the date of this

	announcement;
"Software Valley Company"	Nanjing Software Valley Development Company Limited (南京軟件谷發展有限公司), a subsidiary of the Yuhuatai District Government, is an independent third party of the Group as at the date of this announcement;
"Software Valley South Park"	South Park of China (Nanjing) Software Valley Industrial Park, and China (Nanjing) Software Valley is one of the largest communication software development parks in China;
"Software Valley South Park Project"	Software Valley South Park Development Project, which is a secondary land development project;
"Software Valley Tourism"	Nanjing Software Valley Culture and Tourism Development Company Limited (南京軟件谷文化旅遊發展有限公司), a non-wholly owned subsidiary of Nanjing Yuhua District State-Owned Asset Operations, is an independent third party of the Group as at the date of this announcement;
"Two Bridges Project"	The Yuhuatai District Tiexin Bridge (鐵心橋) – Xishan Bridge (西善橋) Regional Urban Transformation and Re-development Project, which is a primary land development project;
"Yuhuatai SOAO"	Yuhuatai District State-Owned Asset Operations (雨花區國資經營中心), an independent third party of the Group as at the date of this announcement; and
"Yuhuatai District Government"	The People's Government of Nanjing Yuhuatai District (南京雨花台區人民政府), an independent third party of the Group as at the date of this announcement.

Shareholders and potential investors are reminded to exercise caution in dealing with shares of the Company.

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

Singapore and Hong Kong, 3 November 2014

As at the date of this announcement, the Board comprises four Executive directors, namely Mr. Shi Jian (Vice Chairman), Mr. Liu Heqiang, 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.