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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 Luzhou Shanty-town Reformation Project 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 300 million invested by the Partnership in the Luzhou Jiangnan New District Qiancao Area Shanty-town Reformation Project (瀘州市江南新區茜草片棚戶區改造項目, the “**Project**”), the Company’s wholly-owned subsidiary CDB New Town will contribute a lump-sum of RMB 4.5 million as the Junior-Tranche Limited Partner of the Partnership.

Luzhou is located in the south-east part of Sichuan Province, and it has achieved a GDP of RMB126 billion in 2014, the third year in a row of over RMB100 billion. Its growth economic indicators rank it amongst the highest in the Sichuan Province. In 2014, Luzhou Municipal Government’s debt accounted for a comparatively low proportion of its total revenue and has a solid financial position.

The Project is a major shanty-town reformation project in Luzhou, and has been included in the 10-million-unit national shanty-town reformation plan. The total investment amount of the Project is about RMB7.7 billion, and it has received the China Development Bank (“**CDB**”)’s shanty-town reformation credit facility of RMB6.2 billion. Luzhou Jiangnan Construction and Investment

Company ("**Jiangnan Company**") has been designated as the company in charge of the Project. In order to achieve the synergies between capital investment and CDB's lending capability, the Partnership intends to contribute a lump sum of RMB300 million of capital to Luzhou Jiangnan Construction Development Company Limited (the "**Project Company**"), currently a subsidiary of Jiangnan Company, for a period of four years to engage in the principal business of shanty-town reformation in the region. Pursuant to the terms of investment into the Project, Jiangnan Company is required to make a payment of investment return at 12.4% per annum to the Partnership in each fiscal year, and purchase the equity interest in the Project Company held by the Partnership at par at the expiry date of the four-year term. The cash outlay in relation to the guaranteed investment return and equity purchase arrangements will be included in the Luzhou municipal fiscal budget, and there are multiple layers of credit enhancement, namely, the Luzhou Municipal Finance Bureau will pledge all of its holdings in Jiangnan Company to the Partnership as security for its obligations; Luzhou Industrial Investment Group, a subsidiary of the Luzhou Municipal Government, will provide an irrevocable and unlimited responsibility guarantee; and Jiangnan Company or the Project Company will provide appropriate assets or land-use rights as collaterals.

The Project is the first shanty-town reformation project of the Partnership since establishment. The rapid project launch fully reflects the pipeline advantages and investment experience of the Company's controlling shareholder, CDBC, in the field of national urbanization.

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 12.4% per annum to be received by the Partnership from Jiangnan Company, the Project is expected to generate an annual return on investment of 48.7% 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. In addition, taking into account (i) the highly leveraged investment return with support from CDBC's financing capability; and (ii) the investment return and exit arrangements for the Project will be included in the Luzhou municipal fiscal budget, with further benefits of good credit enhancement structure and security arrangements, the investment in the Project is expected to provide an excellent risk-reward balance that can create value for shareholders.

With the launching of the other urbanization projects investment of the Partnership, the Company is expected to participate in the nationwide diversified new town development projects with a relatively small amount of investment, and will focus on the exploration of business opportunities along the entire value chain to 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, 20 July 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.