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China New Town Development Co. Ltd.

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)

VOLUNTARY ANNOUNCEMENT

Entering Into Cooperative Agreement in respect of the Development of the Junzhuang Project in Beijing Mentougou District

And

Entering Into Cooperative Investment Agreement in respect of the Establishment of Project Joint Venture

The board of directors of the Company are pleased to announce that, on 21 October 2016, the Company's wholly-owned subsidiary, namely CDB New Town, and Vanke BJ entered into a series of investment agreements with the Junzhuang Town Government of Beijing Mentougou District (北京市門頭溝區軍莊鎮政府), Mengwu Village Co-op, Dongshan Village Co-op and Jiahua in respect of the development of the Junzhuang Town Project (the "**Junzhuang Project**" or the "**Project**"), pursuant to the terms and conditions of which the Group and Vanke BJ shall jointly develop and operate the Project. Further to this, on 26 October 2016, CDB New Town and Vanke BJ entered into the Cooperative Investment Agreement, which sets out the particulars of establishing the joint venture for the Project.

Pursuant to the Junzhuang Project Agreement (as defined below) and Cooperative Investment Agreement, CDB New Town and Vanke BJ agreed to compensate Jiahua for its accrued development cost incurred during initiation phase and that for the above-ground buildings within the development area, as well as certain development rights in the total amount of

RMB209,365,209, and each of CDB New Town and Vanke BJ shall correspondingly contribute an amount of RMB104,682,604 in proportion to its proposed effective interest (i.e. 50%) in the East Zone project company (see details below). Furthermore, in proportion to such effective interest, CDB New Town shall contribute equity capital of RMB50 million in cash to the joint venture to be incorporated with Vanke BJ for the Project.

In consideration of the attractive geographical location and scale of the Project, the Group commits to develop it into a showcase in tourism and healthcare, the Group's selected consumption sectors in downstream urbanization.

The Junzhuang Project

The Mentougou District is located in the western part of Beijing and is 98.5% covered by mountains. The mountains in the district are connected to Xiangshan (香山), a renowned national tourism destination, comprising an integral part of the Western Beijing ecological conservation area and hence encompassing an excellent foundation for the development of a large-scale tourism project. Located in the eastern part of the Mentougou District and approximately 30 km. from Beijing city centre, Junzhuang Town has a total site area of 34 sqkm. and is a strategically important part of the Mentougou District's industrial layout.

In accordance with different long-term development positioning, the Project is divided into two zones, namely, the Eastern Zone and the Western Zone. The site area currently under planning is approximately 414 hectares (4.14 million sqm.), among which the site area of the Eastern Zone is approximately 270 hectares (2.7 million sqm.), inclusive of approximately 111 hectares (1.11 million sqm.) of construction land (建設用地), and is envisaged to develop into an integrated eco-tourism zone featuring a wide mix of elements such as leisure and resort, eco-conservancy and healthcare, parent-child experience and education, as well as industrial park for the creative industry; the Western Zone has site area of approximately 144 hectares (1.44 million sqm.) and is planned for shanty town reformation, primary land and subsequent developments.

The Junzhuang Project Agreement

On 21 October 2016, CDB New Town, Vanke BJ, the Junzhuang Town Government, the Village Co-ops and Jiahua entered into the *Mentougou Junzhuang Town Cooperative Agreement* (《門頭溝軍莊鎮項目合作協議》), the “**Junzhuang Project Agreement**”). Pursuant to this agreement, Jiahua, the original entities developing the Project, shall enter into relevant agreements with the Junzhuang Town Government to exit the development and operation of the Project; meanwhile, CDB New Town and Vanke BJ, which are to form a joint development entity to succeed the Project, shall compensate Jiahua for the substantiated development rights and buildings for a total amount of RMB209,365,209. CDB New Town and Vanke BJ shall each contribute such amount in accordance with its respective effective interest in the East Zone project company and each of them shall pay the amount of RMB104,682,604 accordingly.

In addition, the Junzhuang Project Agreement clearly specifies the development mode for the Eastern Zone of the Project, which includes, among other things, CDB New Town and Vanke BJ shall jointly fund and establish a project company which shall be granted exclusive right to develop and operate the Eastern Zone of the Project. The project company shall succeed contracting the agricultural land (農用地) from the relevant village community economic cooperatives. In addition, using a model known as the “Village-Corporate Collaboration” with the co-ops, the project company shall also develop and operate the construction land collectively owned (集體建設用地) by the relevant village community economic cooperatives.

Specifically, the project company shall, through collaborating with the relevant village co-op, acquire the contracted operating rights of agricultural land (for detailed information on the land area, please refer to the descriptions set out in the section headed “The Cooperative Investment Agreement between CDB New Town and Vanke BJ” below) through the Mentougou District Rural Property Rights Exchange (門頭溝區農村產權交易中心), with a contracting term no less than 50 years. The contracting fee is in principle RMB2,000 per mu per year (or equivalently RMB3 per sqm. per year), which will be confirmed through the relevant property rights exchange procedures. Furthermore, the parties shall collaborate over the development and operation of collectively owned construction land as follow: after the size of collectively owned construction land is determined, the co-op in possession of such construction land shall exchange the relevant land use rights for the specified annual fees and partial entitlement to the operating profits generated. For illustration on the collaboration under this model, please see the section “The Mengwu Development Agreement” below.

Currently CDB New Town and Vanke BJ has entered legally binding agreement with Mengwu Village Co-op in respect of 250,000 sqm. of collectively owned construction land through the relevant village-corporate collaboration, and shall, under the support of the Junzhuang Town Government, enter into binding agreements with other village co-ops within the town as soon as practicable. As the relevant total land area is still pending the fulfilment of certain approval procedures by the relevant authorities, the Company shall make further announcement as and when appropriate.

Furthermore, the Junzhuang Town Government shall separately negotiate with the parties on the cooperative arrangements of the Western Zone development. The Company shall work closely with the government and Vanke BJ to arrive at the relevant terms and conditions, and announce the details as and when appropriate.

The Mengwu Development Agreement

On the same day, as an agreement under the Junzhuang Project Agreement that sets out the particulars of village-corporate collaboration, CDB New Town, Vanke BJ and Mengwu Village Co-op entered into the *Beijing Mengwu Green and Leisure Industrial Park Project Cooperative Investment-Development Agreement* (《北京市孟悟綠色休閒產業園區項目投資合作開發協議》), the “**Mengwu Development Agreement**”). Pursuant to this agreement, Mengwu Village

Co-op shall use 250,000 sqm. of collectively owned construction land within the Mengwu Village region as basis for cooperation with CDB New Town and Vanke BJ to co-invest in the Project, and shall be entitled to certain interests in the Project upon the completion of construction. The cooperation period shall last 50 years including 4 years of development period and the subsequent operating period.

Specifically, CDB New Town and Vanke BJ shall pay an annual service fee in the amount of RMB2,851,000 (subject to 5% upward adjustment every five years, from year 2020 onwards) to Mengwu Village Co-op for providing the required support on village-corporate collaboration. In addition, Mengwu Village Co-op agreed to entrust CDB New Town and Vanke BJ to operate and manage the 250,000 sqm. of collectively owned construction land in the project in exchange of the relevant entrustment return from CDB New Town and Vanke BJ. The annual entrustment return within development period (year 2017 to 2020) are agreed at, respectively, RMB56,320, RMB112,640, RMB168,960 and RMB3,200,000; after the commencement of operating period from year 2021 onwards, Mengwu Village Co-op shall be entitled to an entrustment return determined at the higher of: 1) 10% of the actual operating profit of the project(s) within Mengwu Village; and 2) RMB3,200,000 (with such reference rate subject to 5% update adjustment every five years, from year 2022 onwards).

The Cooperative Investment Agreement between CDB New Town and Vanke BJ

On 26 October 2016, CDB New Town and Vanke BJ entered into the *Cooperative Investment Agreement for the Overall Development of Mengtougou District Junzhuang Town Project* (《門頭溝軍莊鎮整體開發項目投資合作協議》, the “**Cooperative Investment Agreement**”), pursuant to which the two parties shall incorporate two project companies, dedicated to the development and operation of East Zone and West Zone respectively. Among them, each party shall contribute 50% of capital to the East Zone project company, with initial capital contribution in cash of RMB50,000,000. The amount and timing of subsequent capital contributions, which are to be made by cash in the same proportion, are subject to operating needs of the East Zone project company. CDB New Town has the right to consolidate the financial statements of the Eastern Zone project company as and when it decides it is appropriate. The board of the project company shall be consisted of 5 directors, among which 2 are to be nominated by CDB New Town and one of them shall be chairman of the board, while Vanke BJ has the right to nominate the remaining 3 directors and the general manager. All key decisions of the project company shall require unanimous approval by its board.

The parties shall procure the East Zone project company to successfully obtain the operating rights of the project land and enter into *Land Contracting Agreements* with the corresponding village co-ops, including the 2,394 mu of agricultural land in Mengwu Village and Dongshan Village (approximately 1.59 million sqm.).

The amount of capital contribution and respective shareholding interest in the Western Zone project company shall be determined by the parties according to the prevailing conditions of the

Western Zone project and confirmed by the entering into of supplemental agreements as and when appropriate.

The Reasons and Significance of the Project

After the takeover of the Company by China Development Bank Capital, the Group rapidly established an urbanization project portfolio of over ten projects located in core economic zones of the country and contractually generate fixed annual investment gain and cashflow. At the same time, the Company also committed to leveraging off the core competency of parent company, namely, excellent business network in China urbanization, brand value and governmental relationship, to deploy long-term strategic plans and seek opportunities to invest in assets located in the nation's top-tier cities.

The Junzhuang Project is the Company's another significant break-through in township development after the Nanjing Yuhuatai Project. The Project is located in the junction of Mentougou District and Haidian District, 7 km. and 30 km. from Beijing Zhongguancun and city centre respectively, and is a scarce large scale land development project in Beijing as well as a municipal priority township project. The entering into of the Junzhuang Project Agreement, under the tremendous support and witness of the Mentougou District Government, the Group and Vanke BJ are able to, through unmatched insights and practical know-how on relevant land policies, secure exclusive development and operating rights of over 2 sqkm. of land in the Eastern Zone of Junzhuang Town, with the opportunity to further participate in the 1.44 million sqm. development of the Western Zone of Junzhuang Town in the future, covering business opportunities of shanty town reformation, primary land development and integrated primary and secondary land development.

As the nation's capital city, Beijing grew rapidly in the recent years, and its household consumption power ranks top of the country. However, Beijing's core city area suffers from frequent traffic jams and intense pace of life, while there is a highly limited choice of cultural experience and tourism, as well as leisure and resort. On the backdrop of this, the Company and Vanke BJ believe that, with the benefit of the abundant natural environmental resources of west Xiangshan foothill and excellent location of Junzhuang Town, a large scale integrated consumption destination featuring the elements of leisure traveling, eco-conservancy and healthcare as well as parent-child experience and education would become a popular tranquil and relaxing respite from the hassles of city living.

The land resources in the Eastern Zone of the Junzhuang Project is planned to be developed in phases and in clusters. The various tourism segments each with a different theme, including for example the West-hill Pear Park, cultural and eco-conservancy, retirement and health, family resort, as well as children camp consisting of multiple theme parks for children etc., shall gradually commence operations in 2019 to 2023. On top of that, the large scale construction land located in the Eastern Zone is set to take advantage of the Project's close proximity to Beijing Haidian District to bring in the creative industry chain, and to develop an industrial park with

various types of properties to cater the need of innovative technology, convention centres and hotels, as well as offices and residences.

The launching of the Junzhuang Project is a remarkable breakthrough for the Group in terms of building a quality portfolio of assets and integrated consumption businesses in core cities. The Company aspires to build the Project into the showcase of its development and operations in the consumption sectors of tourism and healthcare. After the completion of development and commencement of operations, it will position the Group to diversify its source of income from currently investment driven, gradually to a more desirable mix of “investment + operations”, so as to sustainably create core value for shareholders in the long-term.

The first cooperation of the Company and Vanke BJ established through the Project marks the complementary combination of strategic resources and brand value between the Company as China’s leading integrated land developer and Vanke as China’s leading property developer. By combining the worldwide partnership resources in the fields of healthcare, integrated tourism and international education established through the CDB Urbanization Strategic Alliance and the top-notch development and operation capability of Vanke in China, the Project is positioned to be developed into Beijing’s integrated tourism and consumption destination showcase project.

Interpretations

In this announcement, unless the context otherwise requires, the terms below have the meaning defined as follows:

“Agricultural land”	means	Land primarily designated for agricultural use including for crops, livestock, gardening, grassland and woodland
“CDB New Town”	means	CDB New Town (Beijing) Asset Management Company Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of People’s Republic of China
“Collectively owned construction land”	means	Construction land collectively owned by a community economic cooperative
“Company”	means	China New Town Development Company Limited, a company incorporated in the British Virgin Islands with limited liability
“Construction land”	means	Land primarily designated for buildings and facilities for residential, commercial, public amenities, other uses and/or mixed uses
“Dongshan Village Co-op”	means	Collective term for the Beijing Mentougou District Junzhuang Town Dongshang Village Commune Stock

Economic Cooperative (北京市門頭溝區軍莊鎮東山村股份經濟合作社) and the Beijing Mentougou District Junzhuang Town Dongshan Village Economic Cooperative (北京市門頭溝區軍莊鎮東山村經濟合作社), the dual-form of Dongshan Village's community economic cooperatives, both with power of attorney to act on asset operation and asset management matters on behalf of the village community; it is an independent third party of the Company

“Group”	means	the Company and its subsidiaries
“Jiahua”	means	Jiahua Wine Trading (Dalian) Co. Ltd. (加華酒業貿易(大連)有限公司), its connected entity Beijing Taopu Jiahua Enterprises Management Co. (北京韜普加華企業管理有限公司) and as the case maybe, other connected companies and connected persons, which are all independent third parties of the Company
“Junzhuang Town Government”	means	The People's Government of Junzhuang Town, Beijing Mentougou District, and is an independent third party of the Company
“Mengwu Village Co-op”	means	Collective term for the Beijing Mentougou District Junzhuang Town Mengwu Village Commune Stock Economic Cooperative (北京市門頭溝區軍莊鎮孟悟村股份經濟合作社) and the Beijing Mentougou District Junzhuang Town Mengwu Village Economic Cooperative (北京市門頭溝區軍莊鎮孟悟村經濟合作社), the dual-form of Mengwu Village's community economic cooperatives, both with power of attorney to act on asset operation and asset management matters on behalf of the village community; it is an independent third party of the Company
“Vanke BJ”	means	Beijing Vanke Enterprises Co. Ltd. (北京萬科企業有限公司), a primary subsidiary of China Vanke Co. Ltd. with registered capital of RMB2 billion, and is an independent third party of the Company
“Village Co-op(s)”	means	Collective term for Mengwu Village Co-op and Dongshan Village Co-op

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

Singapore and Hong Kong, 26 October 2016

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