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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

DISCLOSEABLE TRANSACTION

Entering into Public-Private-Partnership Cooperative Investment Agreement and Capital Contribution to Danyang Tiansheng

The Board is pleased to announce that, on 10 July 2015, the Company entered into the PPP Cooperative Investment Agreement with Danyang Investment Group and Danyang Municipal Development, pursuant to which the parties have agreed to engage in the development and operation of the Project in accordance with the PPP model under the Agreement.

Pursuant to the Agreement, the Company as a Private Sector Investor shall through its designated entities contribute in aggregate additional capital of RMB200 million in the form of registered capital to the Project Company, Danyang Tiansheng. Immediately following the Capital Contribution, the Group shall be interested in an aggregate of 36.6% shares of Danyang Tiansheng. Danyang Tiansheng will become an associate company of the Company.

Pursuant to the Agreement, the Company shall be entitled to an investment return of 13% per

annum during the development period, payable quarterly, and Danyang Investment has undertaken to fully purchase each of China New Town Holding and CDB New Town's equity interest in the Project Company at par at the end of project development period which shall span 2 years. Danyang Investment shall be responsible for ensuring that the investment returns over the project development period, the relevant operations and maintenance subsidies, and equity interest purchase considerations are included in the Danyang Government's annual fiscal budget and mid-term fiscal planning.

The parties agreed that the project cooperation period shall last a total of 15 years, among which the development period with the Group's participation shall last 2 years and the subsequent operations and maintenance period shall last 13 years.

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 and the Disposal (the "**Transaction**") constitute a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

So far as the Singapore Listing Manual is concerned, the Company is of the view that the Transaction is within its ordinary course of business of urbanization development and investment in the major cities of China.

Therefore, the Transaction is subject to the reporting and announcement requirements under the Hong Kong Listing Rules and Singapore Listing Manual.

Introduction

This announcement is made by China New Town Development Company Limited (the "**Company**" or "**China New Town**", together with its subsidiaries, the "**Group**") 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 Company wishes to announce that, on 10 July 2015, the Company entered into the Cooperative Investment Agreement (the "**Agreement**") with Danyang Investment Group Company Limited (丹陽投資集團有限公司, "**Danyang Investment**") and Jiangsu Danyang Municipal Development Company Limited (江蘇丹陽市政建設有限公司, "**Danyang Municipal**"), pursuant to which the parties have agreed to engage in the development and operation of the Danyang Municipal Flood-discharge Channel Regulation and Suzhou South Canal (Danyang Segment) Regulation Project (丹陽市城區排洪通道整治工程及蘇南運河丹陽城區段航道整治工程項目, the "**Project**") in accordance with the Public-Private Partnership model (the "**PPP model**") under the Agreement.

China New Town Holding Company Limited (中國新城鎮控股有限公司, "**China New Town Holding**") and CDB New Town (Beijing) Asset Management Company Limited (國開新城(北京)資產管理有限公司, "**CDB New Town**"), wholly-owned subsidiaries of the Company together with Danyang Municipal are private sector investors ("**Private Sector Investors**") chosen by Danyang Investment through a bidding process, and shall contribute capital to the

Project pursuant to the terms and conditions set out in the Agreement and enjoy investment returns based on an agreed rate and subject to agreed terms.

Pursuant to the Agreement, China New Town Holding and CDB New Town shall contribute in aggregate RMB200 million as capital to Danyang Tiansheng New Town Development Investment Company Limited (丹陽市天晟新城建設投資發展有限公司, “**Danyang Tiansheng**” or the “**Project Company**”). Immediately following the Capital Contribution, the Group shall be interested in an aggregate of 36.6% shares of Danyang Tiansheng, and Danyang Tiansheng will become an associate company of the Company.

The Danyang Government has agreed to support the Project by adopting the PPP model. Danyang Investment, the sole entity authorised by the Danyang Government for executing the project will procure the Danyang Government to include the relevant investment returns and equity purchase arrangements into the fiscal budget and mid-term fiscal planning of the municipal finance bureau. For further details, please see section "Key terms and conditions" below.

Terms of the Agreement

Date

10 July 2015

Parties

- (1) Danyang Investment;
- (2) the Company; and
- (3) Danyang Municipal.

The Company confirms that, to the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Investment, Danyang Municipal and their respective ultimate beneficial owner(s) are third parties independent of and are not connected, directly or indirectly, with the Company and its connected person(s) including but not limited to the Directors and Controlling Shareholders of the Company.

Public-Private-Partnership

The Danyang Government has agreed to support the development and operation of the Project by adopting the PPP model.

The PPP model generally refers to the mechanisms through which governments build profit sharing, risk pooling and long-term cooperating relationship with the private sector, such as granting exclusivity rights, services purchasing and co-investment. Strongly advocated by the national policy, the use of private sector capital to participate in projects in the domains of infrastructure development, municipal facilities development, new-type urbanization development and public services is an emerging investment-financing model for local governments. The Ministry of Finance and National Development and Reform Commission

issued various supportive guidelines on promoting the PPP model, which were subsequently supported by dedicated project financing by a number of financial institutions such as CDB.

Specifically in the Project, the PPP model refers to the cooperative joint capital contribution to fund the designated Project Company by the Private Sector Investors, while Danyang Investment provides guaranteed equity interest purchase and subsidies with government's fiscal budget. The total investment scale of the Project amounts to RMB1.6 billion, among which no less than RMB1.12 billion is expected to be financed by a dedicated project loan from CDB.

Capital Contribution

Danyang Tiansheng is a newly incorporated company in the PRC. As at the date of this announcement, it has a registered capital of RMB200,000,000, being fully paid by Danyang Investment. Pursuant to the Agreement, China New Town Holding and CDB New Town, wholly-owned subsidiaries of the Company, and Danyang Municipal shall respectively contribute RMB190,000,000, RMB10,000,000 and RMB96,430,000 of additional capital to the Project Company, while Danyang Investment shall contribute an additional capital of RMB50,000,000. The respective capital contribution and shareholding interest based on the actual contributed amount by the shareholders of Danyang Tiansheng before and after the Capital Contribution are as follows:

	Before Capital Contribution		Capital Contribution	After Capital Contribution	
	Contribution of Paid-in Capital (RMB million)	Shareholding Interest	Contribution of Paid-in Capital (RMB million)	Contribution of Paid-in Capital (RMB million)	Shareholding Interest
Danyang Investment	200	100%	50	250	45.75%
China New Town Holding	0	0%	190	190	34.77%
CDB New Town	0	0%	10	10	1.83%
Danyang Municipal	0	0%	96.43	96.43	17.65%
Total	200	100.0%	346.43	546.43	100.0%

The afore-mentioned registered capital injection shall be fully paid to Danyang Tiansheng within a month of all the relevant conditions precedent being either satisfied or waived.

The total amount involved in the Capital Contribution is RMB346,430,000, representing approximately 63% of Danyang Tiansheng's enlarged share registered capital of RMB546,430,000. The enlarged share registered capital of RMB546,430,000 was determined after taking into consideration of the funding requirements of the Project and to match the requirements of CDB's PPP model project loan. The Group will finance the relevant amount in the Capital Contribution with its internal resources, including among other things, existing bank

balances and funds generated from operations. As a result of the Capital Contribution made by the Group, shares in Danyang Tiansheng will be allotted to each of China New Town Holding and CDB New Town based on the relative proportion of Capital Contribution by China New Town Holding and CDB New Town.

Danyang Tiansheng is a newly incorporated company and does not own any material assets, nor has it commenced business as of the date of this announcement. Danyang Tiansheng has no publicly available benchmark valuation, and its valuation in the transaction was determined on arms-length basis by the parties taking into consideration its paid-in registered capital.

Save for the expected quarterly investment returns to be received from Danyang Investment, the Capital Contribution is not expected to have material impact on the net tangible assets and earnings per shares of the Group in 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 the Project Company being fully paid-up by Danyang Investment;
- (2) Danyang Investment obtains the approval regarding the inclusion of cash outlay in relation to the developmental investment of the Project into the fiscal budget of the Danyang Finance Bureau.
- (3) Danyang Tiansheng having obtained all necessary approvals in respect of the Capital Contribution;
- (4) There are no other factors which prohibit China New Town Holding or CDB New Town to fulfil their responsibilities regarding the Capital Contribution.

Key Terms and Conditions

- (1) Pursuant to the Agreement, Danyang Investment, as the sole entity authorized by the Danyang Government for executing the Project, shall be responsible for introducing the development work to the Project Company, capital management of the Project and providing the necessary credit enhancement for the Project Company's financing. It shall also be responsible for including the cash outlay in relation to the Project's developmental investment capital into the fiscal budget of the Danyang Government.
- (2) During development period, Danyang Investment shall make quarterly payments of investment return subsidies to the Private Sector Investors, at a rate of 13% per annum based on the invested capital by the Private Sector Investors. At the end of the 2 years of development period, Danyang Investment shall purchase the entire equity interest in the Project Company held by China New Town Holding and CDB Nanjing Investment at a consideration of RMB200,000,000 (the "**Disposal**"). For further details, please see section "The Disposal" below. At the end of the 13 years of operation period, Danyang Investment shall purchase the equity interest held by Danyang Municipal at consideration equal to the actual invested capital.

- (3) The board of directors of the Project Company shall comprise of 3 directors, among which 2 shall be nominated by Danyang Investment and 1 shall be nominated by the Group. All important decisions require unanimous consent at the board of the Project Company, which serves as the supreme authority.
- (4) The total investment of the Project shall amount to around RMB1.6 billion. The Project Company plans to apply for a dedicated project financing from CDB amounting to no less than RMB1.12 billion.

Cooperation Period

The parties agree that the cooperation period of the Project is 15 years, among which the development period lasts for 2 years and the operations and maintenance period lasts for 13 years, starting from the date that the Agreement becomes effective and the registrations of the Capital Contribution at the relevant commercial bureaus have been duly completed.

Prior to the expiry of cooperation period applicable to each party, subject to the Project's then investment and development status, the parties may mutually agree to extend the cooperation period.

The Disposal

At the end of the 2 years of development period, Danyang Investment shall purchase the equity interest held by China New Town Holding and CDB New Town at a consideration of RMB200,000,000. Such payment shall be made within 30 days after the end of the development period.

The Company's exit procedures shall comply with the relevant laws, regulations or the requirements of regulatory documents, including the requirements of Hong Kong Listing Rules and Singapore Listing Manual.

Conditions for Early Termination of Cooperation

Either the Group or Danyang Municipal has the right to terminate the Agreement prior to the expiry of the agreed cooperation period if Danyang Government ceases to complete the necessary approval procedures regarding the Project, its planning permits or the entering into of the PPP model contract, the investment returns subsidies, operations and maintenance subsidies or equity purchase consideration payment cease to be included in the Danyang Government's annual fiscal budget or mid-term fiscal planning of the municipal finance bureau, or the Project Company fails to obtain a dedicated project financing package no less than RMB1.12 billion from CDB within 3 months of the date of the Agreement.

If the Agreement is terminated in accordance with the relevant terms, the Private Sector Investors are entitled to require Danyang Investment to purchase their equity interest in the Project Company, the consideration of which shall be calculated based on the paid-in registered capital by the respective Private Sector Investors plus the accrued return on capital of the current year and prior years, calculated at 13% per annum.

Key Responsibilities of the Parties

Danyang Investment

Pursuant to the Agreement, Danyang Investment commits to:

- a) coordinate and ensure the legal compliance of relevant approval procedures in relation to the Project, including those required for company incorporation, project approvals, planning permits and PPP model contract execution etc.;
- b) ensure the Project obtains relevant government approvals in accordance with the investment and development model set out in the Agreement, and is listed as Danyang Government's priority project;
- c) make agreed payments of investment return subsidies during the development period and equity interest purchase consideration, and ensure investment returns during the development period, maintenance subsidies during the operations period and equity interest purchase consideration are included into the Danyang Government's annual fiscal budget and mid-term fiscal planning;
- d) pledge all its equity interest in the Project Company to CDB New Town, as security for the fulfilment of its responsibilities under the Agreement;
- e) provide the necessary credit enhancement for financing of the Project Company; and
- f) complete the purchase of equity interest in the Project Company or its liquidation, where appropriate.

China New Town Holding and CDB New Town

Pursuant to the Agreement, the Group commits to:

- a) contribute capital pursuant to the terms and conditions set out in the Agreement;
- b) utilize the extensive network of strategic resources of the CDB system to introduce quality industry resources and strategic partners for the urbanization of Danyang.

Danyang Municipal

- a) contribute capital pursuant to the terms and conditions set out in the Agreement;
- b) provide the necessary credit enhancement for financing of the Project Company; and
- c) be responsible for the Project's operations, maintenance and management during the operation period and provide overall technical support to the Project.

Reasons For and Benefits of the Agreement and the Transaction

The water conservancy development business of Danyang Tiansheng, the target company of the Capital Contribution, is crucial for improving Danyang citizen's living environment and promoting the economic activities along the canal. By improving municipal virescence and water environment, it also promotes regional tourism and improves crop yield and quality. Evident from the enormous support by the PRC government to the Project, in particular, (i) the Project is being listed as the first batch of the local government's PPP model projects; (ii) the relevant investment and returns will be included in the government's fiscal budget; and (iii) CDB

providing long term dedicated PPP project finance, the project is identified as an important regional urbanization project by the PRC government.

Through investing in the Project, the Company has taken advantage of the systematic synergies between CDB's lending business and the Company's equity investments, and deploys its capital into a project with excellent risk-reward profile. In addition, as the PPP model is currently the core model of infrastructure development in urbanization promoted by the PRC, it has excellent room for development and high degree of replicability. The Company expects to work closely with CDB going forward, to launch a series of PPP model projects in strategically important locations of Jiangsu Province and throughout the country, so as to establish exposure to more diversified core urbanization businesses around the country and explore downstream investment and operational business opportunities.

As the investment returns and equity purchase arrangements on the registered capital of the Project Company have been included into the fiscal budget of the Danyang Finance Bureau and Municipal People's Congress, and the Danyang Government has relatively strong financial position, the Project is expected to be an investment of extremely high safety. The Company expects to substantially improve its return on investment through appropriate use of financial gearing.

In summary, the Board is of the view that the terms of the Agreement and the Transaction is fair and reasonable and in the interest of shareholders as a whole. The Company will continue to leverage off the business network of CDB and China Development Bank Capital Corporation ("CDB Capital"), the Company's controlling shareholders, to find more good investment opportunities with the PPP model in the field of urbanization and lay a solid foundation for profit.

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 Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

So far as the Singapore Listing Manual is concerned, the Company is of the view that the Transaction is within its ordinary course of business of urbanization development and investment in the major cities of China.

Therefore, the Transaction is subject to the reporting and announcement requirements under the Hong Kong Listing Rules and Singapore Listing Manual.

None of the directors or controlling shareholders has any direct or indirect interests in the Transaction or the Project.

Financial Impacts of the Transaction under the Agreement

Pro-forma impact of the Capital Contribution under the Agreement on the net tangible assets per share as at 31 December 2014

	Before the Capital Contribution	After the Capital Contribution
Net tangible assets (RMB 000's)	3,806,287	3,806,287
Net tangible assets per share (RMB)	0.3866	0.3866

Pro-forma impact of the Capital Contribution under the Agreement on earnings per share of the financial year ended 31 December 2014

	Before the Capital Contribution	After the Capital Contribution
Net profit attributable to shareholders (RMB 000's)	-61,404	-41,904
Earnings per share (RMB)	-0.0072	-0.0049

The impact on earnings per share above is based on the assumptions that the Capital Contribution has been made on 1 January 2014 and generated the aforementioned investment return of 13% per annum of investment return during the period.

General

About the Project

In recent years, the Chinese Central Government consecutively issued a series of policy papers to promote water conservancy developments, such as the “State Council’s Decisions Re. Accelerating the Reform and Development of Water Resources” (《中共中央国务院关于加快水利改革发展的决定》) and “Action Plans of Prevention and Treatment of Water Pollution” (《水污染防治行动计划》), establishing the policy framework, supportive measures and priority of subsequent water conservancy developments. The Danyang Municipal Flood-discharge Channel Regulation and Suzhou South Canal (Danyang Segment) Regulation Project is a priority infrastructure project of the Danyang Government. The Danyang Municipal Flood-discharge Channel Regulation mainly involves the construction of riverbanks, flood control roads, irrigation stations, sewage pipe network and virescence; while the Suzhou South Canal (Danyang Segment) Regulation mainly involves the canal regulation engineering of the Danyang Segment of Suzhou South Canal, which includes waterway regulation, revetment repair, virescence and bridges reconstruction.

To promote the cooperation and integration of resources, and to leverage on the respective strengths of the government and the private sector, the Danyang Government plans to use the PPP model to introduce Private Sector Investors to engage in the development and operations of the Project. The Project’s total investment amounts to about RMB1.6 billion, among which

Danyang Investment and Private Sector Investors jointly contribute registered capital for Danyang Tiansheng, the Project Company, which is further strengthened by applying for a dedicated project financing package from CDB amounting to no less than RMB1.12 billion.

Danyang, under the administration of Zhenjiang Municipal Government, is located at the southern part of Jiangsu Province, right at the corridor of the Yangtze River Delta-Shanghai Economic Zone. Located 200 km West of Shanghai and 68 km East of Nanjing, capital city of Jiangsu Province, the city has total area of 1,059 sq.km. and achieved regional GDP of RMB102 billion in 2014, representing year-on-year growth of 10.27%. It is one of the most rapidly growing and fiscally strong economic regions in Jiangsu Province.

About Danyang Investment

Danyang Investment is a wholly-owned subsidiary of Jiangsu Danyang State-Owned Assets Operations Company Limited. A municipal level state-owned company established under the approval by the Danyang Government to engage in municipal infrastructure investment and development, it is the sole investment entity in Danyang city to engage in operating municipal assets and supporting municipal developments. To the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Investment and its ultimate beneficial owners are third parties independent to the Company and its connected person(s).

About Danyang Municipal

Danyang Municipal Development Company Limited is one of the Private Sector Investors involved in the Project. Established in 1989 with registered capital of RMB50 million, its principal activities include municipal facilities and town road construction, municipal bridges engineering and water engineering. To the best of the Directors' knowledge, information and belief, and upon making reasonable enquiries, Danyang Municipal and its ultimate beneficial owners are third parties independent to the Company and its connected person(s).

About the Group

The Group is principally engaged in the urban master planning, investment and land development of urbanization projects in the major cities of China.

Interpretations

In this announcement, unless otherwise specified in the context, the terms below have the meaning defined herein:

“Agreement”	The Cooperative Investment Agreement in relation to matters of the Project, entered into by the Company, Danyang Investment and Danyang Municipal on 10 July 2015;
“Board”	The Board of Directors of the Company;
“Capital Contribution”	The capital contribution pursuant to the Agreement;

“CDB”	China Development Bank Corporation Limited, the parent company that wholly-owns CDB Capital;
“CDB Capital”	China Development Bank Capital Corporation Limited, controlling shareholder of the Company;
“CDB New Town”	CDB New Town (Beijing) Asset Management Company Limited, a wholly-owned subsidiary of the Company;
“China New Town Holding”	China New Town Holding Company Limited, a wholly-owned subsidiary of the Company;
“Danyang Investment”	Danyang Investment Group Company Limited;
“Danyang Municipal”	Jiangsu Municipal Development Company Limited;
“Disposal”	The disposal of the equity interest in the Project Company from CDB New Town and China New Town Holding to Danyang Investment;
“Group”	The Company and 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;
“PPP model”	Public-Private-Partnership, which, in the Project’s case, refers to the cooperative model that the parties jointly fund the Project Company to complete the Project, upon which the government party provides fiscal purchase or subsidies to the Project Company;
“Private Sector Investors”	Collectively refer to Danyang Municipal, China New Town Holding and CDB New Town;
“Project”	The Danyang Municipal Flood-discharge Channel Regulation and Suzhou South Canal (Danyang Segment) Regulation Project in accordance with the PPP model, with total investment amounting to about RMB1.6 billion;
“Project Company”	Danyang Tiansheng New Town Development and Investment Company Limited, a company established by Danyang Investment and designated as the executing entity of the Project upon the Capital Contribution by China New Town Holding, CDB Nanjing Investment and Danyang Municipal;
“RMB”	Renminbi, the lawful currency of China;

“Singapore Listing Manual”	The Listing Manual of the Singapore Stock Exchange;
“Singapore Stock Exchange”	Singapore Exchange Securities Trading Limited;
“Transaction”	The Capital Contribution and the Disposal.

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

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

Hong Kong and Singapore, 10 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.