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This Circular is issued by China New Town Development Company Limited (the “Company”).

If you are in any doubt as to any aspect of this circular (“Circular”) or as to the course of action you should take, you should consult your licensed securities dealer, registered institution in securities, stockbroker, bank manager, solicitor, professional accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Forms to the purchaser or the transferee or to the licensed securities dealer, registered institution in securities, stockbroker, bank or other agent through whom you effected the sale or transfer for onward transmission to the purchaser or the transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained, or opinions expressed in this Circular.

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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

CIRCULAR TO SHAREHOLDERS

in relation to

**THE PROPOSED ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN
THE PEOPLE’S REPUBLIC OF CHINA, WHICH CONSTITUTES:**

**– AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION
UNDER THE SINGAPORE LISTING RULES
(AS DEFINED IN THE CIRCULAR)**

**– A MAJOR TRANSACTION AND CONNECTED TRANSACTION UNDER THE
HONG KONG LISTING RULES (AS DEFINED IN THE CIRCULAR)**

*Singapore Independent Financial Adviser to the Independent Directors
in respect of the Proposed Transaction*



KPMG CORPORATE FINANCE PTE LTD

(Incorporated in Republic of Singapore)

(Company Registration Number: 198500417D)

*Hong Kong Independent Financial Adviser to the Independent Shareholders
in respect of the Proposed Transaction*



RHB Capital Hong Kong Limited

(Incorporated in Hong Kong)

(Company Registration Number: 0681244)

IMPORTANT DATES AND TIMES

Last date and time for lodgment of Proxy Form	: 27 April date 2016 at 3:30 p.m.
Date and time of Extraordinary General Meeting	: 29 April date 2016 to be held at 3:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 2:00 p.m. on the same day and at the same place)
Place of Extraordinary General Meeting	: Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore, 189673

CIRCULAR DATED 14 APRIL 2016

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “associate” : (a) in relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; or
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee” : The audit committee of the Company
- “Board” : The board of Directors of the Company for the time being
- “BVI” : The British Virgin Islands
- “BVI Act” : The Business Companies Act, 2004 of the BVI as amended, supplemented or otherwise modified from time to time
- “Capital Amounts” : The amount of capital to be contributed by each of the Partners into the Investment Partnership as described in paragraph 2.2
- “Capital Commitment Ratio” : The relative Capital Amounts to be contributed by each Partner into the Investment Partnership as described in paragraph 2.2

DEFINITIONS

“CDB”	:	China Development Bank Corporation
“CDB Capital” or “CDBC”	:	China Development Bank Capital Corporation Ltd (國開金融有限責任公司)
“CDB Fund” or “Intermediate-Tranche Limited Partner”	:	CDB Jingcheng (Beijing) Investment Fund Company Limited (國開精誠(北京)投資基金有限公司), the intermediate-tranche Limited Partner in the Investment Partnership
“CDB New Town (Beijing) AM” or “Junior-Tranche Limited Partner”	:	CDB New Town (Beijing) Asset Management Co. Ltd. (國開新城(北京)資產管理有限公司), the junior-tranche Limited Partner in the Investment Partnership
“CDBIH”	:	China Development Bank International Holding Limited
“CDP”	:	The Central Depository (Pte) Limited
“CIB” or “Senior-Tranche Limited Partner”	:	CIB Wealth Management Co., Ltd. (興業財富資產管理有限公司), the senior tranche Limited Partner in the Investment Partnership
“Circular”	:	This circular to Shareholders dated 14 April 2016
“Companies Act”	:	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
“Company”	:	China New Town Development Company Limited
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating practice of the Company
“Controlling Shareholder”	:	Pursuant to the Singapore Listing Rules, a person who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company (unless the SGX-ST determines that such a person is not a controlling shareholder of the Company); or (b) in fact exercises Control over the Company

DEFINITIONS

Pursuant to the Hong Kong Listing Rules, a person who holds directly or indirectly 30% or more of the voting power at general meetings of the Company or who is in a position to control the composition of a majority of the Board

“Depositor Proxy Form”	:	The enclosed proxy form in relation to the appointment of a proxy/proxies for a Depositor
“Directors”	:	Directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore, 189673 on 29 April 2016 at 3:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 2:00 p.m. on the same day and at the same place), notice of which is set out on pages 86 to 87 of this Circular
“Executive Director”	:	Executive Director of the Company
“FY”	:	The financial year ended or ending 31 December
“Group”	:	The Company and its subsidiaries as at the date of this Circular
“Hong Kong”	:	The Hong Kong Special Administrative Region of the PRC
“Hong Kong IFA”	:	RHB Capital Hong Kong Limited, a licensed corporation under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the Hong Kong independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Proposed Transaction
“Hong Kong IFA Letter”	:	The Hong Kong IFA’s letter to the Independent Board Committee and the Independent Shareholders regarding the Proposed Transaction dated 14 April 2016, annexed to this Circular as Appendix 1
“Hong Kong Listing Rules”	:	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

DEFINITIONS

“Hong Kong Stock Exchange”	:	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	:	The independent board committee comprising all the non-independent non-executive Directors, namely Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap
“Independent Directors”	:	The Directors who are deemed independent for the purposes of the Proposed Transaction, namely Mr. Henry Tan Song Kok, Mr. Kong Siu Chee, Mr. Zhang Hao and Mr. E Hock Yap
“Independent Shareholders”	:	Shareholders other than CDBIH and its associates
“Interested Person”	:	A Director, chief executive officer or Controlling Shareholder of the Company or an associate of such Director, chief executive officer or Controlling Shareholder
“Interested Person Transaction”	:	A transaction proposed to be entered into between the Group and an Interested Person
“Investment Partnership”	:	CDB New Town New-type Urbanization Development Fund (Limited Partnership) (國開新城新型城鎮化發展基金(有限合夥)) (tentative name), the partnership structure to be constituted pursuant to the terms of the Limited Partnership Agreement
“Latest Practicable Date”	:	7 April 2016, being the latest practicable date prior to the date of this Circular for ascertaining certain information in this Circular
“Limited Partners”	:	The partners of the Investment Partnership whose liability under the Investment Partnership are limited, subject to the PRC laws, to their respective Capital Amounts contributed as set out under the Limited Partnership Agreement, namely, CIB, CDB Fund, and CDB New Town (Beijing) AM

DEFINITIONS

“Limited Partnership Agreement”	:	The limited partnership agreement entered into amongst Sheng Qi IFM, CIB, CDB Fund, and CDB New Town (Beijing) AM in relation to the constitution of the Investment Partnership, comprising a total Capital Amount of RMB5 billion to be contributed by the Group, CIB and CDB Fund
“NTA”	:	Net tangible assets value
“Partners”	:	Collectively, the General Partner and the Limited Partners
“PRC”	:	The People’s Republic of China which, for the purpose of this Circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Transaction”	:	The proposed establishment of and investment by the Company in the Investment Partnership, which constitutes an interested person transaction under the Hong Kong Listing Rules and Chapter 9 of the Singapore Listing Rules, and a major transaction under the Hong Kong Listing Rules and Chapter 10 of the Singapore Listing Rules
“Proxy Forms”	:	Depositor Proxy Form and Shareholder Proxy Form
“Securities Account”	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account
“SFA”	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended or modified from time to time
“SFO”	:	The Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholder Proxy Form”	:	The enclosed proxy form in relation to the appointment of a proxy/proxies for a Shareholder

DEFINITIONS

“Shareholders”	:	The duly registered holder(s) of the Shares from time to time, except that where the registered holder is CDP, the term “Shareholder” shall in relation to such Shares and where the context admits mean the Depositors in the Depository Register maintained by CDP whose Securities Accounts are credited with those Shares
“Shares”	:	Ordinary shares of no par value of the Company
“Sheng Qi IFM” or “General Partner”	:	Sheng Qi Investment Fund Management Company Limited (晟麒(嘉興)投資管理有限公司), the general partner of the Investment Partnership, whose liability with respect to the Investment Partnership’s liabilities is unlimited
“Singapore”	:	The Republic of Singapore
“Singapore IFA”	:	The Singapore independent financial adviser in relation to the Proposed Transaction, being KPMG Corporate Finance Pte Ltd
“Singapore IFA Letter”	:	The Singapore IFA’s letter to the Independent Directors regarding the Proposed Transaction dated 14 April 2016, annexed to this Circular as Appendix 2
“Singapore Listing Rules”	:	The listing rules of the SGX-ST set out in the Listing Manual of the SGX-ST
“SRE Investment”	:	SRE Investment Holding Limited, a company owned as to 66% in aggregate by Mr. Shi Jian (a former executive Director) and his spouse
“Subsidiary”	:	A company which is for the time being a subsidiary of the Company, as defined by Section 5 of the Companies Act and Section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or modified from time to time
“Substantial Shareholder”	:	A person who holds directly or indirectly five per cent (5%) or more of the issued capital in the Company
“Working Days”	:	The usual working days as determined by The State Council of the People’s Republic of China

DEFINITIONS

Currencies, Units and Others

“RMB”	:	Renminbi, the lawful currency of the PRC
“S\$” and “cents”	:	Singapore dollars and cents, the lawful currency of the Republic of Singapore
“%” or “per cent”	:	Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the meaning ascribed to them respectively in Section 81SF of the SFA or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and the neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the BVI Act, the Companies Act, the SFA, the SFO, the Singapore Listing Rules, the Hong Kong Listing Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the BVI Act, the Companies Act, the SFA, the SFO, the Singapore Listing Rules, the Hong Kong Listing Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular shall be a reference to Singapore and Hong Kong time (the two being in the same time zone) unless otherwise stated.

Any discrepancy with the tables in this Circular between the listed amounts and the totals thereof is due to rounding.

This document is in English and Chinese versions. Should there be any inconsistency between the Chinese and English versions, the English version shall prevail.

LETTER FROM THE BOARD



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.sj

Directors:

Mr. Fan Haibin (*Chairman and Non-executive Director*)
Mr. Zuo Kun (*Vice Chairman and Non-executive Director*)
Mr. Liu Heqiang (*Chief Executive Officer and Executive Director*)
Ms. Yang Meiyu (*Executive Director*)
Mr. Ren Xiaowei (*Executive Director*)
Mr. Li Yao Min (*Vice Chairman and Non-executive Director*)
Mr. Xie Zhen (*Non-executive Director*)
Mr. Henry Tan Song Kok (*Lead Independent Non-executive Director*)
Mr. Kong Siu Chee (*Independent Non-executive Director*)
Mr. Zhang Hao (*Independent Non-executive Director*)
Mr. E Hock Yap (*Independent Non-executive Director*)

Registered Agent:

Tricor Services (BVI) Limited

Registered Office:

2/F Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

Headquarters and principal place of business in Hong Kong:

Suites 4506 – 4509
Two International Finance
Centre
No. 8 Finance Street
Central, Hong Kong

Singapore and Hong Kong, 14 April 2016

To: The Shareholders

Dear Sir/Madam,

**THE PROPOSED ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN
THE PEOPLE’S REPUBLIC OF CHINA, WHICH CONSTITUTES:
– AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION
UNDER THE SINGAPORE LISTING RULES
– A MAJOR TRANSACTION AND CONNECTED TRANSACTION UNDER THE
HONG KONG LISTING RULES**

1 INTRODUCTION

1.1 Proposed Transaction

1.1.1 On 2 March 2016, the Company announced that the Company’s subsidiaries, CDB New Town (Beijing) Asset Management Co. Ltd. (國開新城(北京)資產管理有限公司) (“CDB New Town (Beijing) AM”) and Sheng Qi Investment Fund Management

LETTER FROM THE BOARD

Company Limited (晟麒(嘉興)投資管理有限公司) (“**Sheng Qi IFM**”), had on 2 March 2016 entered into a limited partnership agreement (the “**Limited Partnership Agreement**”) with CIB Wealth Management Co., Ltd. (興業財富資產管理有限公司) (“**CIB**”), and CDB Jingcheng (Beijing) Investment Fund Company Limited (國開精誠(北京)投資基金有限公司) (“**CDB Fund**”), in relation to constitution of an investment partnership, CDB New Town New-Type Urbanization Development Fund (Limited Partnership) (國開新城新型城鎮化發展基金(有限合夥)) (tentative name) (the “**Investment Partnership**”), comprising a total Capital Amount of RMB5 billion to be contributed by the Group, in its capacity as General Partner and Junior-Tranche Limited Partner, by CIB as Senior-Tranche Limited Partner and by CDB Fund as Intermediate-Tranche Limited Partner (the “**Proposed Transaction**”).

1.1.2 As CDB Fund is a “connected person” under the Hong Kong Listing Rules and an “interested person” under the Singapore Listing Rules, the Proposed Transaction is a connected transaction under the Hong Kong Listing Rules requiring approval of the Independent Shareholders of the Company under Rule 14.07 of the Hong Kong Listing Rules and an interested person transaction under Chapter 9 of the Singapore Listing Rules requiring approval of Independent Shareholders of the Company under Rule 906 of the Singapore Listing Rules.

1.1.3 In view of the aggregate Capital Amount to be contributed by the Group to the Investment Partnership, the Proposed Transaction will also be regarded as a “major transaction” within the meaning of Rule 1014 of the Singapore Listing Rules and *Chapter 14* of the Hong Kong Listing Rules, and will be subject to the approval of the Shareholders of the Company.

1.2 Extraordinary General Meeting

1.2.1 The Directors are convening the EGM to be held at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore, 189673 on 29 April 2016 at 3:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 2:00 p.m. on the same day and at the same place) to seek Shareholders’ approval for the Proposed Transaction.

1.3 Purpose of the Circular

1.3.1 The purpose of this Circular is to provide Shareholders with relevant information pertaining to, and to explain the rationale for the Proposed Transaction as well as to seek Shareholders’ approval for the Ordinary Resolutions to be tabled at the forthcoming EGM. The Notice of EGM is set out on pages 86 to 87 of this Circular.

1.3.2 This Circular has been prepared solely for the purposes outlined above and may not be relied upon by any persons (other than the Shareholder to whom this Circular is despatched to by the Company) or for any other purpose.

1.3.3 The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinions expressed in this Circular.

LETTER FROM THE BOARD

- 1.3.4 In cases where there are discrepancies between the applicable laws, rules and/or regulations of Hong Kong and Singapore, the more stringent set of laws, rules and regulations shall prevail.

2 THE PROPOSED TRANSACTION

2.1 Constitution of the Investment Partnership

The Investment Partnership will be constituted by the Limited Partnership Agreement under the laws of the PRC. There will be two categories of partners under the Investment Partnership, a General Partner and three Limited Partners. The rights and liabilities of each of the Partner under the Investment Partnership will be as set out under the terms of the Limited Partnership Agreement and as prescribed by the laws of the PRC.

- 2.1.1 Summary of applicable laws of the PRC – The Investment Partnership will be established under the terms of the 合夥企業法 (Partnership Enterprise Law). Under the Partnership Enterprise Law, investment partnerships constituted as limited partnerships are to be managed by its general partner. The general partner is in a similar legal position as a partner in a general partnership. These include management control, a share of the profits of the investment partnership in accordance with the terms of the partnership arrangement, and unlimited liability for the debts of the investment partnership. Limited partners are only liable for debts incurred by the investment partnership to the extent of their agreed capital contributions, except where a limited partner is engaged in the management of the investment partnership. Limited partners have no management authority in the investment partnership but can participate in certain limited ways subject to the terms of the partnership arrangement, such as advising on management and operation.

- 2.1.2 Description of the Partners – Pursuant to the laws of the PRC, the liabilities of the General Partner for liabilities of the Investment Partnership is unlimited, while the liability of the Limited Partner for liabilities of the Investment Partnership is limited to the capital contribution prescribed under the terms of the Limited Partnership Agreement, except where a Limited Partner is engaged in the management of the Investment Partnership. The Partners to the Investment Partnership are:

- (a) General Partner – The General Partner of the Investment Partnership is Sheng Qi IFM, a newly established wholly-owned subsidiary of the Group with registered capital of RMB1,000,000, and is engaged in the principal activity of operating and managing funds focusing on urbanization-related investments.
- (b) The Investment Partnership has three limited partners (“**Limited Partners**”), differentiated in accordance with the priority of their rights to distributions from the Investment Partnership:
 - (i) Senior-Tranche Limited Partner – The Senior-Tranche Limited Partner is CIB, a subsidiary of CIB Fund Management Co., Ltd. (興業基金管理有限

LETTER FROM THE BOARD

公司) and is engaged in offering asset management services and other services permitted by the China Securities Regulatory Commission in the PRC. The Company had sought cooperation with a list of other comparable financiers and decided to enter into the Investment Partnership with CIB Fund Management Co. Ltd as it considered that the terms agreed with CIB Fund Management Co. Ltd as set out herein are fair and reasonable and in the interest of the Group as a whole. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, CIB and its ultimate beneficial owners are not connected with the Company and its connected persons as at the Latest Practicable Date.

- (ii) Intermediate-Tranche Limited Partner – The Intermediate-Tranche Limited Partner is CDB Fund, a fund established and managed by CDB Capital for various types of investment opportunities, among which urbanization is the core segment. CDB Capital is an indirect Controlling Shareholder of the Company.
- (iii) Junior-Tranche Limited Partner – The Junior-Tranche Limited Partner is CDB New Town (Beijing) AM, a subsidiary of the Group, which is engaged in the principal business of investment management and advisory.

2.2 Capital Contributions under the Investment Partnership

- 2.2.1 Under the terms of the Limited Partnership Agreement, the Investment Partnership will be established with the Capital Amounts agreed to be contributed, and at such times, by each of Partners as follows:

Name of Partner (Tranche)	Agreed Capital Amounts (RMB'000) ("Capital Amounts")	Committed Capital Ratio to the Investment Partnership ("Committed Capital Ratio") (%)	Time for Contribution of Capital Amounts
Sheng Qi Investment Fund Management Company Limited (General Partner)	1,000	0.02	For the General Partner, payable in full upon constitution of the Investment Partnership

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Name of Partner (Tranche)	Agreed Capital Amounts (RMB'000) ("Capital Amounts")	Committed Capital Ratio to the Investment Partnership ("Committed Capital Ratio") (%)	Time for Contribution of Capital Amounts
CIB Wealth Management Co., Ltd. (Senior-Tranche)	3,750,000	75	For all the Limited Partners, upon issue of a drawdown notice and within the period specified in the drawdown notice, which will be not less than 12 Working Days.
CDB Jingcheng (Beijing) Investment Fund Company Limited (Intermediate-Tranche)	200,000	4	
CDB New Town (Beijing) Asset Management Co. Ltd. (Junior-Tranche)	1,049,000	20.98	
Total	5,000,000	100	

2.2.2 The General Partner shall be entitled to issue drawdown notices for the contribution of Capital Amounts by each Partner only after approval is obtained from the investment management office of the Investment Partnership, and in accordance with the amounts required for any approved investments by the Investment Partnership. Unless otherwise agreed by the Senior-Tranche Limited Partner, the contribution of the Capital Amount by the Senior-Tranche Limited Partner for any single project or investment will not exceed RMB937.5 million, and the Capital Amounts to be contributed by each Limited Partner will be in relative proportion to the Committed Capital Ratio set out in the table in paragraph 2.2.1 above.

2.2.3 The total Capital Amount to be contributed by CDB New Town (Beijing) AM and Sheng Qi IFM collectively, of RMB1,050,000,000, has been determined after taking into account, among other things, the intended investment opportunities as described in paragraph 2.4 below. The Board currently contemplates that the Company will fund its share of the Capital Amount through a mixture of internal resources of the Company and potential borrowings if necessary.

Both the total Capital Amounts of RMB5 billion and the allocation basis of the Capital Amounts among the General Partner and Limited Partners were agreed after arm's-length negotiations among the parties to the Limited Partnership Agreement and taking into account numerous factors, including the possible investment return from Investment Partnership, the financial position and resources available to the each party, and the investment opportunities expected to be available and financed through the Investment Partnership within the investment period.

LETTER FROM THE BOARD

2.3 Investment Period

2.3.1 The investment period is expected to be eight years in total, commencing from the date of establishment of the Investment Partnership. The investment period will be divided as follows:

- (a) there will be an initial four years, known as the “investment deployment period”, during which investments will be undertaken;
- (b) the ensuing four years, known as the “exit period”, will be period during which no more new investment projects will be undertaken and the proceeds of investments that are realised will be distributed to all Partners within an agreed period of time from the receipt of such proceeds, subject to the conditions set out in paragraph 2.7 entitled “Profit sharing mechanisms”. If agreed to by all the Partners, this period may be extended for further periods of one year, subject to a maximum of two extensions.

2.3.2 All the Partners may agree to further extend or reduce the investment period, investment deployment period, and exit period. In deciding whether to extend or reduce the investment period, investment deployment period and exit period, the Company will take into account business needs of the Investment Partnership and opportunity costs of sticking to the original terms for the Partners, which include, *inter alia*, progress of capital deployment at the time, project pipeline, performance of deployed investments, as well as the need to adjust duration of invested capital based on commercial merits.

2.3.3 The Company currently does not envisage that the extension of the investment period, investment deployment period and/or exit period will result in the Company’s total Capital Amount to be contributed exceeding RMB1,050,000,000. In the event that the Capital Amount exceeds RMB1,050,000,000, Shareholders’ approval will be obtained for such further amounts to be invested.

2.4 Target investment area and structure

2.4.1 Not less than 90% of the aggregate Capital Amounts of the Investment Partnership will be invested in fixed-income investments (in the form of (i) debt instruments (such as bonds or notes with payment of interest from time to time in accordance with the relevant debt instruments) or (ii) mezzanine type investments (such as an equity investment into a project joint venture with clearly defined annual investment return and arrangements to exit the full amount of original investment at the end of an agreed horizon)), and should satisfy, *inter alia*, the following key requirements:

- (a) The project issuing such investments should have satisfied all legal requirements and obtained all consents and approvals;
- (b) There will be no rating requirements, and investments can be made as long as the projects satisfy the requirements under the Investment Partnership Agreement;

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- (c) The gearing of the issuer of such investments will be evaluated in accordance with the criteria set out in the Investment Partnership Agreement;
 - (d) The investments should provide guarantees and collaterals sufficient to cover the Capital Amounts invested, such investments preferably secured by a first fixed charge;
 - (e) Investments repayable by government funds should have satisfied the relevant regulations of the Budget Law of the PRC (中華人民共和國預算法) and the Opinion of the State Council of the PRC on increasing governance over the administration of local government bonds (國務院關於加強地方政府性債務管理的意見); and
 - (f) For investments relating to real estate projects, following the investments, the Investment Partnership shall continue to monitor the procurement of the relevant certificates and the repayment risks.
- 2.4.2 The remaining Capital Amounts, subject to an upper limit of 10% of the aggregate Capital Amounts and consent by Senior-Tranche Limited Partner, can be invested in pure equity type investments. Pursuant to the Limited Partnership Agreement, “equity investment” refers to investment in equity of project companies without repurchasing or sales and purchase undertaking from the counterparty, or any form of guarantee or backstop arrangements towards investment returns.
- 2.4.3 When determining the size of investment, it is expected that the Investment Partnership will consider the types of investment, such as fixed-income investments or pure equity type investments. The investment focus will be primarily on projects located in national economic zones, namely, the “Beijing-Tianjin-Hebei Zone”, the Yangtze River Delta, the Pearl River Delta, leading economic zones centered around provincial capital cities, and cities and counties with top rankings of GDP and fiscal position by the National Statistics Bureau and/or similar authorities. Where a project’s counterparty involves a government entity, then such government shall have debt servicing cash flow coverage of over 100%.
- 2.4.4 The investment focus will be on securities issued by government, government linked companies and commercial companies engaged in the following areas:
- (a) old town reformation and shanty town reformation, primary land development:
 - (i) In particular, the Investment Partnership will primarily focus on development projects which satisfy the local government’s regulations and which have obtained the relevant approvals from the local governments, investment projects which have already implemented relocation and resettlement compensation plans for the residents, investment projects that are likely to progress in accordance with their clearing and development plans, investment projects with partners of strong financial standing, and top standards development projects which have good prospects for transfer in future; and

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- (ii) Joint venture parties of the projects will include local government linked companies with sufficient financial standing, market development agencies with experience in land development or significant standing in the relevant town, and real estate developers with sufficient experience and/or standing;
- (b) the provision of municipal facilities with exclusive rights in the operation or management of water, waste treatment, alternative energies and public utilities resources or services:
 - (i) In particular, the Investment Partnership will primarily support projects that are closely related to the livelihood of the citizens, projects that have obvious social benefits and transparent pricing mechanisms, projects that provide stable and long-term cash flow, and projects that return the Capital Amounts invested and provide the necessary returns;
 - (ii) In the event that the relevant governments have to subsidise any shortfall where the projects themselves do not generate sufficient cash flow to return to the Partners the Capital Amounts invested and provide the necessary returns, then such commitments are to be supported by official documents for the relevant fiscal subsidies or the regional People's Congress endorsing the government fiscal budget;
 - (iii) Public-Private-Partnership (PPP) projects undertaken shall be from the official PPP project list of the relevant Provincial Development and Reform Commission (省級發改委) and governed by relevant PPP contracts; and
 - (iv) Joint venture parties of the projects will include companies implementing market-oriented operations which have obtained the relevant authorisations and permits for the relevant projects and possess the relevant qualifications and experience for the relevant projects, such qualifications and experience to be proven by written records;
- (c) secondary land development:
 - (i) In particular, the Investment Partnership will primarily focus on lands in the heart of the first and second tier cities where there is sufficient market capacity and low movements in property prices, lands in good geographical location with a good transport system completed with facilities nearby, competitive projects with clear and plausible development plans and which already have feasibility reports completed, developments that are simpler and will not require a long time to settle post-completion matters, developments with land premium requiring not more than a reasonable capital out of the total Capital Amounts

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contributed (preferably less than 60% of the total Capital Amounts contributed), clean lands with relocation and clearing works already completed, projects with reasonable collaterals and are able to provide returns on the Capital Amounts contributed, projects with clear funding strategies and exit terms, and projects backed by asset management companies; and

- (ii) Joint venture parties of the projects will include the top real estate developers in the country, municipalities and cities.

2.4.5 The Investment Partnership does not currently intend to invest the Capital Amount in any projects where the Group or the connected person has interests. If the Investment Partnership invests in such projects which give rise to any implication under the Hong Kong Listing Rules, the Company will comply with all necessary requirements under the Hong Kong Listing Rules as and when appropriate.

2.5 Decision making of the Investment Partnership

2.5.1 Pursuant to the terms of the Limited Partnership Agreement, the assessment procedures and standards of each investment undertaken by the Investment Partnership shall be primarily based on the existing assessment procedures and standards of the Company. The Company must have completed its full assessment of each target investment project, including project initiation, due diligence and approval by the Company's investment committee before such target investment project will be recommended to the investment management office of the Investment Partnership, an office dedicated to the Investment Partnership's investment deployment and exit executions and all the three members of which will be appointed by the General Partner, for its final approval and decision making. The investment committee of the Company has (i) four standing members comprising two executive Directors and two senior management of the Company; and (ii) three rotating members generally comprising senior management of the Group. All members of the Company's investment committee are involved in the management of the daily operations of the Group, which includes projects evaluation and risk analysis and have profound experience in urbanization project management and investment and land development. As such, for all types of investments including equity-type investments, the Company's management is capable of, through in-depth analysis, due diligence and project feasibility studies, evaluating the financial prospects of a project, identifying and managing risk, as well as engaging in post-investment management and operations.

The principal factor that Company will consider in deciding whether to invest in a project is the risk-reward ratio, being (a) the level of fixed investment return and (b) the risk involved, which is measured by, among other things, projected profitability and cashflow of the project, visibility and feasibility of the project, economic vibrancy and growth rate of the region where the project is located,

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relevant security packages, credit enhancement arrangements in place and the financial standing of the counterparty. In addition, the Company will consider whether it will control, manage or monitor the project through its investment, as well as the other benefits that it could directly or indirectly derived from its investment in such project.

2.5.2 The General Partner shall issue drawdown notices to all Partners at least 12 Working Days prior to the required drawdown date. Such drawdown notices shall comprise the assessment report of the target investment project, the relevant meeting minutes of the Company's investment committee and the Investment Partnership's investment management office. The investment decision by the General Partner shall comply with the investment criteria and assessment standards as set out in the Limited Partnership Agreement (further details of the investment criteria and assessment standards of the Investment Partnership are set out in paragraph 2.4 entitled "Target investment area and structure"). Where the Senior-Tranche Limited Partner requires any clarification in respect of an investment decision, the Senior-Tranche Limited Partner shall request for clarification in writing within 10 Working Days of receiving the drawdown notice, upon which the General Partner is required to justify the investment decision in writing to the satisfaction of the Senior-Tranche Limited Partner.

2.5.3 The Limited Partners are required to contribute the required Capital Amounts to the designated bank accounts of the Investment Partnership on or before the drawdown date.

2.6 Preferential investment gains of each tranche of Limited Partners

2.6.1 Senior-Tranche Limited Partner

Relevant PBOC benchmark rate for loans of tenor over five years (currently 4.90% per annum), such benchmark rate to be determined on the actual funding date, plus 1.65% per annum, subject to the terms and conditions set out in paragraph 2.7 entitled "Profit sharing mechanisms" below.

2.6.2 Intermediate-Tranche Limited Partner

Fixed rate of 11.6% per annum, subject to the terms and conditions set out in paragraph 2.7 entitled "Profit sharing mechanisms" below.

2.6.3 Junior-Tranche Limited Partner and the General Partner

Junior-Tranche Limited Partners and the General Partner are not entitled to preferential investment gains but shall enjoy the profit sharing of the Investment Partnership as set out in paragraph 2.7 entitled "Profit sharing mechanisms" below.

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The return rate to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner is agreed after arm's-length negotiations among the parties taking into account the relative priority in distribution and thus the relative structural safety of the various tranches in the Investment Partnership. In particular, in the case of the Senior-Tranche Limited Partner, the return rate is agreed with reference to a reasonable spread on top of the benchmark PBOC rate and the Capital Amounts agreed to be committed by it, and in the case of the Intermediate-Tranche Limited Partner, the return rate is agreed with reference to the strong backing that is expected to be offered by the Intermediate-Tranche Limited Partner in light of its brand name and industry leadership in nationwide urbanisation investment.

2.7 Profit sharing mechanisms

2.7.1 During the entire investment period, the proceeds and capital sum from the Capital Amounts contributed shall be distributed to the Partners within five (5) Working Days of duly receiving such proceeds. When distributed on a distribution date, such proceeds shall be distributed in the following manner:

- (a) Such proceeds and capital sums shall first be preferentially distributed to the Senior-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Senior-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (i) the actual Capital Amounts paid up by the Senior-Tranche Limited Partner for such investment; and (ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement;
- (b) Next, the remainder, if any, shall be preferentially distributed to the Intermediate-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Intermediate-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (i) the actual Capital Amounts paid up by the Intermediate-Tranche Limited Partner for such investment; and (ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement; and
- (c) Lastly, the remaining amounts shall be divided among the Junior-Tranche Limited Partner and the General Partner in proportion to the actual Capital Amounts paid up by each of them for such investment.

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2.7.2 In the event that the amounts distributed on any distribution date for fixed-income investments or pure equity type investments (as the case may be) is insufficient to satisfy the preferential investment gains and capital attributable to the Senior-Tranche Limited Partner, the amounts distributable on the next distribution date for fixed-income investments or pure equity type investments (as the case may be) shall first be used to satisfy any such shortfall in payment to the Senior-Tranche Limited Partner on previous distribution dates. Pursuant to the Partnership Investment Agreement, the Junior-Tranche Limited Partner will not be required to bear the shortfall of the returns and the Capital Amounts attributable to the Senior Tranche Limited Partners and Intermediate Tranche Limited Partner. The maximum risk to be borne by the Junior-Tranche Limited Partner will be limited to its Capital Amount (i.e. RMB1,049 million) invested in the Investment Partnership.

2.7.3 The Investment Partnership shall pay the relevant business taxes, if any and subject to the applicable business tax rate for each investment, on the investment gains on behalf of the Partners. However, each Partner shall individually bear the relevant profit taxes payable on the amounts distributed to it by the Investment Partnership.

2.8 Obligations of General Partner and management fees

2.8.1 The General Partner has the right to manage daily operations of the Investment Partnership and is responsible for the operation of the Investment Partnership and shall ensure the legal compliance of the Investment Partnership with the regulations in the PRC. There is no management fee payable to the General Partner. However, expenses incurred by the General Partner in the administration and management of the Investment Partnership will be borne by the Investment Partnership.

2.8.2 Pursuant to the terms of the Limited Partnership Agreement, the General Partner is required to indemnify the Limited Partners for losses caused to such Limited Partners due to the wilful default or material breach of the Limited Partnership Agreement by the General Partner.

2.9 Conditions precedent

The establishment of the Investment Partnership is conditional upon, amongst others:

- (a) approval of the Independent Shareholders being obtained to the entry into of the Proposed Transaction pursuant to the Hong Kong Listing Rules and Singapore Listing Rules; and
- (b) business license being granted for the establishment of the Investment Partnership.

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2.10 Termination

2.10.1 Pursuant to the terms of the Limited Partnership Agreement, as long as the Senior-Tranche Limited Partner remains a Partner of the Investment Partnership, the Intermediate-Tranche Limited Partner and Junior-Tranche Limited Partner shall not be entitled to exit the Investment Partnership. Save for the above, Limited Partners shall exit the Investment Partnership upon the occurrence of any of the following events:

- (a) Upon the winding up, striking-off or liquidation of such Limited Partner;
- (b) In the event that the relevant regulations prevents such Limited Partner from maintaining its status as a Limited Partner in the Investment Partnership;
- (c) In the event that all of the assets of such Limited Partner in the Investment Partnership are seized by the courts; or
- (d) Upon the occurrence of any event under the Partnership Enterprise Law of the PRC resulting in the Limited Partner ceasing to be a Limited Partner of the Investment Partnership.

2.10.2 Upon the occurrence of any of the events mentioned in paragraph 2.10.1, the exiting Limited Partner shall recommend a new limited partner to replace it, such new limited partner to be unanimously agreed to by all other Partners.

2.10.3 Pursuant to the Limited Partnership Agreement, the General Partner shall not exit the Investment Partnership unless the Investment Partnership is dissolved. In the event that the General Partner has to exit the Investment Partnership pursuant to the Partnership Enterprise Law, the Investment Partnership shall immediately appoint a new general partner, failing which, the Investment Partnership will dissolve.

2.10.4 The Investment Partnership shall be dissolved upon the occurrence of any of the following events:

- (a) Upon the Investment Partnership exiting all of its investments;
- (b) The lack of quorum of the Investment Partnership for 30 days or more;
- (c) The Investment Partnership's only General Partner is removed or exits the Investment Partnership, and the Partners fail to appoint a new general partner;
- (d) In the event that the business licence of the Investment Partnership is revoked;
- (e) Upon the Partners' resolution that the Investment Partnership is unable to continue operations, arising from the material breach of one or more Partners of their obligations under the Limited Partnership Agreement;

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- (f) Upon the unanimous consent of all Partners to dissolve the Investment Partnership; or
- (g) Upon the occurrence of any other reasons for dissolution of the Investment Partnership under the Partnership Enterprise Law or the Limited Partnership Agreement.

3 RATIONALE FOR THE PROPOSED TRANSACTION

3.1 Rationale for the Proposed Transaction

The Proposed Transaction, if implemented, is in line with the Company's business in primary land development, and it is expected that the Proposed Transaction will deliver the following significant strategic benefits to the Company:

- (a) As evident from the Company's projects launched since CDB Capital's acquisition of the Company's Shares, a substantial portion of the Company's future projects are entered into on the terms of receiving fixed investment income, and are typically backed by solid credit enhancement measures from government entities in the form of listing the payment arrangements into local fiscal budgets and/or obtaining sufficient collateral headroom. They represent safe investments which support the use of relatively high level of external funding to substantially improve the investment returns to Shareholders, and exhibit the benefits the Company derived from the financing support, relationships with the government, and know-how of CDB Capital and its group;
- (b) Through the establishment of the Investment Partnership, each Partner's risks and returns are determined based on their investments, and no Partner has any recourse to the Group, despite the Group's role as General Partner and Junior-Tranche Limited Partner of the Investment Partnership. In addition, the preferred investment gains attributable to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner as described in Sections 2.6 and 2.7 above are only effective upon actual drawdown and contribution of funding by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner, making this a flexible financing option for the Company in respect of the projects to be undertaken by the Investment Partnership;
- (c) With an aggregate committed capital of RMB5 billion, the Investment Partnership represents a one-stop financing solution at attractive financing costs for the Group to support its urbanization investment projects for a few years. The Investment Partnership is therefore crucial for the Company in terms of fuelling its project growth, market share expansion, as well as opening up attractive downstream investment opportunities in the expanded new town project portfolio; and

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- (d) Arising from the excellent track record, brand name and industry leadership in nationwide urbanisation investment of CDB Capital, the investment of CDB Fund as an Intermediate-Tranche Limited Partner will serve as a strong backing to the Investment Partnership's and the Group's businesses and investments, thus forming an integral role in the successful establishment of the Investment Partnership.

In light of the above, the Directors consider that the terms of the Limited Partnership Agreement are entered on normal commercial terms and are fair and reasonable, and the Proposed Transaction is in the interests of the Company and the Shareholders as a whole.

3.2 Risks and Rewards to the General Partner

The Company notes that the Company's subsidiary, Sheng Qi IFM, is the General Partner of the Investment Partnership. The general partner is a role required under the Partnership Enterprise Law, whereby limited partnerships are to be managed by its general partner. While legally, the General Partner has unlimited liability, the Company notes that the liability of the General Partner will be limited in reality and the risks to the Company will be contained, for the following reasons:

- (a) The intention is for the Investment Partnership to utilise the Capital Amounts actually contributed in undertaking investment projects, and Partners do not intend for the Investment Partnership to incur additional borrowings to fund the investment projects. Accordingly, the risks the General Partner will be exposed to will not exceed the amount of Capital Amount actually contributed by the General Partner;
- (b) Sheng Qi IFM was recently incorporated by the Company as a special purpose vehicle, specifically for the purpose of acting as the general partner of the Investment Partnership. As at the Latest Practicable Date, Sheng Qi IFM does not have any material assets and liabilities. In the event that as general partner of the Investment Partnership, Sheng Qi IFM is called upon to assume any liabilities of the Investment Partnership that is over and above the Capital Amounts actually contributed by Sheng Qi IFM, the Group intends to wind up Sheng Qi IFM. Accordingly, any liabilities assumed by Sheng Qi IFM will not impact the Group; and
- (c) Investment projects to be undertaken by the Investment Partnership will be approved in accordance with the process further described in paragraph 2.5 entitled "Decision making of the Investment Partnership" above. As the investment projects will first be subject to the approval of the Company's investment committee, the intention of the Company is to undertake investment projects which will (i) result in a return of equity to the Group, through the proceeds and capital sums distributed to CDB New Town (Beijing) AM and Sheng Qi IFM pursuant to paragraph 2.7 entitled "Profit sharing mechanisms"; and (ii) will be commensurate with the risks undertaken by CDB New Town (Beijing) AM and Sheng Qi IFM.

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3.3 Accounting treatments for the Investment Partnership

As the Group has the rights to various returns from its involvement with the Investment Partnership and has the ability to affect those returns through its power over the Investment Partnership, the financial statements of the Investment Partnership will be included in the Group's consolidated financial statements pursuant to International Financial Reporting Standard 10. The investments to be undertaken by the Investment Partnership will generally be recorded in the Group's consolidated statement of financial position as financial assets, with the specific item to be recognized in the financial statements depending on the nature of, and management intentions with, a specific investment. Further, depending on the specific type of financial asset to be recognized in the Group's consolidated statement of financial position, the corresponding type of income or gain will be recognized in the consolidated group revenue. The funds from other Limited Partners will be treated as minority interests and recorded as liabilities on the consolidated statement of financial position of the Group.

4 THE PROPOSED TRANSACTION AS AN INTERESTED PERSON TRANSACTION AND A CONNECTED TRANSACTION

4.1 Application of the Singapore Listing Rules relating to interested person transactions

4.1.1 Pursuant to Rule 906 of the Singapore Listing Rules, an immediate announcement and shareholders' approval is required in respect of an interested person transaction, namely, a transaction between an entity at risk and its interested persons, if the value of that transaction exceeds five per cent (5%) of the latest audited NTA value.

4.1.2 CDB New Town (Beijing) AM and Sheng Qi IFM, both being wholly-owned subsidiaries of the Company, are each regarded as an "entity at risk" within the meaning of Chapter 9 of the Singapore Listing Rules.

4.1.3 As at the Latest Practicable Date, CDBIH has a direct interest in 5,347,921,071 Shares in the Company, and CDB Capital, being the holding company of CDBIH, has an indirect interest in 5,347,921,071 Shares in the Company, representing 54.32% of the issued share capital of the Company. Accordingly, CDBIH and CDB Capital are Controlling Shareholders of the Company under the Singapore Listing Rules. CDB Fund, being a fund wholly managed by CDB Capital, is an associate of CDB Capital, and is thus regarded as an "interested person" within the meaning of Chapter 9 of the Singapore Listing Rules.

4.1.4 Accordingly, the Proposed Transaction will be regarded as an interested person transaction and the requirements of Chapter 9 of the Singapore Listing Rules are applicable.

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4.2 Shareholders' approval of the Proposed Transaction pursuant to Chapter 9 of the Singapore Listing Rules

4.2.1 Based on the audited consolidated financial statements of the Group as at 31 December 2015⁽¹⁾, the NTA of the Group is approximately RMB3,884,422,000. Pursuant to Rule 906 of the Singapore Listing Rules, Shareholders' approval for a transaction is required in the event that the aggregate transaction value exceeds RMB194,221,100, which is five per cent (5%) of the NTA of the Group as at 31 December 2015.

4.2.2 The Group's aggregate Capital Amount to be contributed in respect of the Proposed Transaction is RMB1,050,000,000, which represents 27.03% of the NTA of the Group as at 31 December 2015. As the value of the Group's investment in the Proposed Transaction represents more than 5% of the latest audited NTA of the Company, the Company is seeking approval from Shareholders for the Proposed Transaction as a specific interested person transaction at the EGM.

Note:

(1) The audited consolidated financial statements of the Group for FY2015 will be adopted by Shareholders at the annual general meeting to be held at 2:00 p.m. on 29 April 2016.

4.3 Implications under the Hong Kong Listing Rules

4.3.1 As CDB Capital is a Controlling Shareholder of the Company, CDB Capital is a connected person of the Company under the Hong Kong Listing Rules. The Limited Partnership Agreement and the transactions contemplated thereunder therefore constitute a connected transaction of the Company.

4.3.2 As the applicable percentage ratios defined under Rule 14.07 of the Hong Kong Listing Rules for the transaction contemplated under the Limited Partnership Agreement exceed 5%, the Limited Partnership Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements and the Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

4.3.3 While none of the Directors has an interest in the Limited Partnership Agreement and the transactions contemplated thereunder, for good corporate governance purpose, each of Mr. Fan Haibin, Mr. Zuo Kun, Mr. Liu Heqiang, Ms. Yang Meiyu, Mr. Ren Xiaowei and Mr. Xie Zhen has abstained from voting on the resolutions of the Board approving the Limited Partnership Agreement. Save as disclosed above, no Director is required to abstain from voting on the resolution of the Board approving the Limited Partnership Agreement.

4.3.4 As one of the applicable ratios set forth under Rule 14.07 of the Hong Kong Listing Rules in respect of the Proposed Transaction is more than 25% but less than 75%, the Proposed Transaction constitutes a major transaction for the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

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4.5 Other interested person transactions entered into for the current financial year

4.5.1 The current total value of all interested person transactions, excluding transactions which are less than \$100,000, with (a) the CDBIH, CDB Capital and their associates; and (b) all interested persons of the Company, for the period from 1 January 2016 to the Latest Practicable Date (prior to and including the Proposed Transaction), and the percentage of the Group's latest audited NTA as at 31 December 2015 represented by such values, are as follows:

	Prior to the Proposed Transaction		Including the Proposed Transaction	
	Amount	Percentage of audited NTA	Amount	Percentage of audited NTA
	<i>(RMB'000)</i>		<i>(RMB'000)</i>	
Total value of all transactions with CDBIH, CDB Capital and their associates	NIL	0%	1,050,000	27.03%
Total value of all transactions with all interested persons of the Company	NIL	0%	1,050,000	27.03%

4.5.2 Save as disclosed above, there are no other interested person transactions since the beginning of the current financial year beginning 1 January 2016 up to the Latest Practicable Date.

5 OTHER TRANSACTIONS ENTERED INTO WITH CDB CAPITAL

Subsequent to CDB Capital completing its acquisition of the Shares of the Company, through CDBIH, on 28 March 2014, the Company has been leveraging on the business network of CDB and CDB Capital and has been exposed to various transactions and investments arising from the network of CDB and CDB Capital. In addition, the Company has also entered into the following transactions with CDB Capital, as further described below.

5.1 Limited Partnership Agreement in respect of setting up an investment partnership in the PRC

5.1.1 The Company had on 16 June 2015 announced that CDB New Town (Beijing) AM has entered into a limited partnership agreement in relation to the setting up of another investment partnership, CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund (國開(北京)-交行新型城鎮化發展基金), a fund with an aggregate capital amount of RMB10 billion ("**2015 Investment Partnership**"). The terms of the 2015 Investment Partnership are largely similar to that of the Investment Partnership.

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5.1.2 CDB New Town (Beijing) AM is the junior-tranche limited partner under the 2015 Investment Partnership, whose committed investment amount is RMB150,000,000. The other parties of the 2015 Investment Partnership are as follows:

- (a) the general partner is CDB Investment-Development Fund Management (Beijing) Co., Ltd (國開投資發展基金管理(北京)有限責任公司), a wholly-owned subsidiary of CDB Capital;
- (b) the senior-tranche limited partner is Bank of Communications Schroder Asset Management Co. Ltd (交銀施羅德資產管理有限公司);
- (c) the intermediate-tranche limited partner is CDB Development Fund (國開發展基金), a fund raised by CDB Capital for various types of investment opportunities, among which new-type urbanization is the core sector; and
- (d) another junior-tranche limited partner, together with CDB New Town (Beijing) AM, is CDB Capital itself.

5.1.3 As a junior-tranche limited partner in the 2015 Investment Partnership, CDB New Town (Beijing) AM, together with CDB Capital (the other junior-tranche limited partner) and CDB Investment-Development Fund Management (Beijing) Co., Ltd (the general partner), will share the remaining amounts of the proceeds and capital sums of each investment projects, after the senior-tranche limited partner and intermediate-tranche limited partner are distributed such amounts in accordance with their preferential investment gains under the 2015 Investment Partnership.

5.1.4 Since the establishment of the 2015 Investment Partnership, the 2015 Investment Partnership has invested in various projects, including the Luzhou Shanty-town Reformation Project, the Jinjiang Shanty-town Reformation Project, the Shaoyang Shanty-town Reformation Project, Jin County New Town Project, the Sanya Shanty-town Reformation Project, the Taizhou Huaxin Infrastructure Project and the Huasheng Hankou City Square Affordable Housing Project. As at the Latest Practicable Date, the Group has, through CDB New Town (Beijing) AM, contributed a total of RMB65.96 million of investment amount to the 2015 Investment Partnership.

5.1.5 Please refer to the Company's announcement dated 16 June 2015 and entitled "*Connected Transaction under Listing Rules and Interested Person Transaction under Listing Manual – Entering into Limited Partnership Agreement in respect of the setting up of an Investment Partnership in the PRC*" for more information on the 2015 Investment Partnership, and the Company's announcements dated 20 July 2015, 10 August 2015, 2 November 2015, 3 December 2015 and 31 December 2015 for more information on the projects the 2015 Investment Partnership is investing in.

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5.2 Establishment of a subsidiary, CDB Modern Agriculture Investment Management Company Limited

5.2.1 The Company had on 1 December 2015 announced that CDB New Town (Beijing) AM had entered into an agreement with Chengdu Felsted Agricultural Development Company Limited (成都菲爾斯特農業開發有限公司) (“**Chengdu Felsted**”) and CDB Longquanyi Company Limited (國開龍泉驛有限公司) (“**CDB Longquanyi**”) regarding the establishment of CDB Modern Agriculture Investment Management Company Limited (國開現代農業投資管理有限公司) (“**CDB Agriculture**”).

5.2.2 Following the establishment of CDB Agriculture, CDB New Town (Beijing) AM will hold 51% of the equity interest of CDB Agriculture, Chengdu Felsted will own 28.6% of the equity interest of CDB Agriculture, and CDB Longquanyi will own 20.4% of CDB Agriculture. CDB New Town (Beijing) AM contributed to its share of the initial paid-up capital of CDB Agriculture wholly in cash, Chengdu Felsted contributed to its share of the initial paid-up capital of CDB Agriculture partly in cash and partly by way of shares, being such number of shares representing 49% share capital of CDB Chengdu Agriculture Company Limited (“**Chengdu Agriculture**”), and CDB Longquanyi contributed to its share of the initial paid-up capital of CDB Agriculture partly in cash and partly by way of shares, being such number of shares representing 51% share capital of Chengdu Agriculture. This would result in the Chengdu Agriculture becoming a wholly-owned subsidiary of CDB Agriculture.

5.2.3 Please refer to the Company’s announcement dated 1 December 2015 and entitled “*Connected Transaction under Listing Rules and Interested Person Transaction under Listing Manual – Establishing a Subsidiary CDB Modern Agriculture Investment Management Company Limited*” for more information on the establishment of CDB Agriculture.

5.3 Entry into Strategic Cooperation Framework Agreement with Sino IC Capital Management Company, fund manager of National Integrated Circuit Industry Investment Fund

5.3.1 The Company had on 27 May 2015 announced that it had entered into a Strategic Cooperation Framework Agreement (“**Strategic Agreement**”) with Sino IC Capital Management Company (“**Sino IC Capital**”), which was founded under the leadership of CDB Capital and is the sole manager of the National Integrated Circuit Industry Investment Fund Ltd. (“**Fund**”), which manages funds of over RMB120 billion.

5.3.2 The Strategic Agreement evidences the synergies and growth opportunities brought about by CDB Capital to the Group, and the mutual cooperation shall be mainly focused on the intersectional value chains of the integrated circuit industry and township development, including but not limited to:

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- (a) **Business development:** Sino IC Capital shall introduce the Company to the local government partners and main players in the integrated circuit industry, so as to facilitate the Company's exploration of various business opportunities;
- (b) **Construction of new industrial parks:** new industrial parks to be constructed by local industry funds powered by the Fund's investments, or industrial parks to where the Fund's investee enterprises tend to locate their new projects, shall be procured to preferentially use the integrated ancillary facilities construction services from the Company;
- (c) **Industrial park transformation:** to preferentially use the Company as the developer for old town transformation opportunities arising from the Fund's investee enterprises, including but not limited to the on-site upgrade engineering and land development businesses after relocation of industrial parks;
- (d) **Integrated services:** the Company shall fully utilise its strategic resources and industry experience to provide plant renovation, relocation and new project execution services to the Fund's investee enterprises as well as one-stop solutions for the new industrial parks initiated by the Fund's invested regional industrial funds;
- (e) **Strategic alliance:** as a member of the Township Development Strategic Alliance initiated by the Company, Sino IC Capital will facilitate the investee enterprises to join this alliance so as to participate and share nationwide township development opportunities; and
- (f) **Preferential project location:** where practicable, Sino IC Capital shall procure investee enterprises to preferentially locate their projects to industrial parks in which the Company services as the developer and integrated service provider.

5.3.3 Please refer to the Company's announcement dated 27 May 2015 and entitled "*Entering into Strategic Cooperation Framework Agreement with the National Integrated Circuit Industry Investment Fund Manager*" for more information on the Strategic Agreement.

5.4 Entry into Cooperative Investment Agreement and capital contribution to Nanjing CDB Yuhua Urban Re-development Company Limited (南京國開雨花城市更新發展有限公司) ("CDB Yuhua")

5.4.1 The Company had on 30 June 2014 announced that it had entered into a framework agreement ("**Framework Agreement**") with The People's Government of Nanjing Yuhuatai District ("**Yuhuatai District Government**") and CDB Capital, in respect of the establishment and capital contribution of CDB Yuhua, the primary land

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development platform authorised by the Yuhuatai District Government for certain projects. The Company will contribute 49% of the start-up capital of CDB Yuhua, and CDB Yuhua will be managed by the Company. The Company also undertook to facilitate the capital sourcing of CDB Yuhua, especially in obtaining mid to long term supportive financing from CDB on behalf of CDB Yuhua, and to introduce expert team and quality urban resources, and agglomerate high-end industries. Pursuant to the terms of the Framework Agreement, as an incentive policy for the Company's contributions to the project in terms of capital sourcing and introducing quality industry resources, the Yuhuatai District Government shall procure its controlled subsidiaries or entities to offer an after-tax investment return of 12.8% on the equity capital that the Company contributes into CDB Yuhua. CDB Capital, on the other hand, will coordinate the capital sourcing of the Company and CDB Yuhua, leverage off its position to assist the Company in obtaining supportive project loan from CDB, among various financing support measures, and introduce quality resources and business partners to further enhance the reputation of the Yuhuatai District and the projects to be undertaken by CDB Yuhua.

5.4.2 The Company had on 3 November 2014 further announced that it had entered into a cooperative investment agreement (“**Cooperative Investment Agreement**”) with Yuhuatai District Government, Yuhuatai District State-Owned Asset Operations (“**Yuhuatai SOAO**”) and CDB Capital, to formalise the terms of the Framework Agreement. Further, pursuant to the Cooperative Investment Agreement, the Company will pay up its share of the capital of CDB Yuhua, and 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, which should effectively allow the Company to realise an after-tax fixed return of 12.8% after paying the relevant taxes upon receipt of such income.

5.4.3 Please refer to the Company's announcement dated 30 June 2014 entitled “*Signing Yuhuatai Two Bridges Project and Software Valley South Park Development Cooperation Framework Agreement*” and the Company's announcement dated 3 November 2014 entitled “*Entering into Cooperative Investment Agreement and Capital Contribution to CDB Yuhua*”) for more information on the cooperative investment relating to CDB Yuhua and the projects to be undertaken by CDB Yuhua.

6 FINANCIAL EFFECTS

6.1 The financial effects of the Proposed Transaction by the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transaction.

LETTER FROM THE BOARD

6.2 The financial effects have been prepared on a proforma basis using the latest audited consolidated financial statements of the Group for FY2015⁽¹⁾.

Note:

- (1) The audited consolidated financial statements of the Group for FY2015 will be adopted by Shareholders at the annual general meeting to be held at 2:00 p.m on 29 April 2016.

6.3 Effect of Proposed Transaction on NTA per Share

Assuming that the Proposed Transaction had been completed on 31 December 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group's NTA per share as presented in the following table:

As at 31 December 2015	Before Proposed Transaction	After Proposed Transaction
NTA (RMB'000)	3,884,422	3,884,422 ⁽¹⁾
Number of Shares ('000)	9,846,120	9,846,120
NTA per Share (RMB)	0.3945	0.3945

Note:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the NTA per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the NTA of the Group.

6.4 Effect of Proposed Transaction on earnings per Share

Assuming that the Proposed Transaction had been completed on 1 January 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group's earnings per Share as presented in the following table:

As at 31 December 2015	Before Proposed Transaction	After Proposed Transaction
Profit for the year attributable to ordinary equity holder of the parent (RMB'000)	65,141	65,141 ⁽¹⁾
Weighted average number of Shares ('000)	9,846,120	9,846,120
Earnings (loss) per Share (RMB cents)	0.66	0.66

Note:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the earnings per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the profits of the Group.

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6.5 Effect of Proposed Transaction on Group's Gearing

Assuming that the Proposed Transaction has taken place on 31 December 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have the following effects on the Group's gearing as presented in the following table:

As at 31 December 2015	Before the Proposed Transaction	After the Proposed Transaction
Gearing (times)	0.09	0.09

6.6 Effect of Proposed Transaction on Company's Share Capital

The Proposed Transaction will have no effect on the Company's share capital.

7 RELATIVE FIGURES UNDER CHAPTER 10 OF THE SINGAPORE LISTING RULES IN RELATION TO THE PROPOSED TRANSACTION

7.1 General

Under Chapter 10 of the Singapore Listing Rules, a transaction will be classified as a "major transaction" if any of the relative figures calculated on the bases set out in Rule 1006 of the Singapore Listing Rules exceeds 20% and if so, shareholders' approval must be obtained for the "major transaction".

7.2 Relative figures under Rule 1006 of the Singapore Listing Rules

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2015, the relative figures in respect of the Proposed Transaction, as computed on the bases set out in Rule 1006 of the Singapore Listing Rules, are as follows:

	Investment Partnership	Group	Relative Figures (%)
Rule 1006 (a)			
The net asset value of the assets to be disposed of, compared with the Group's net asset value as at 31 December 2015.	Not applicable	Not applicable	Not applicable
Rule 1006 (b)			
The net profits attributable to the assets acquired or disposed of as at 31 December 2015, compared with the Group's net profits as at 31 December 2015.	Not applicable	Not applicable	Not applicable

LETTER FROM THE BOARD

	Investment Partnership	Group	Relative Figures (%)
Rule 1006 (c)			
Aggregate value of consideration given or received, compared with the market capitalisation of the Company as at 1 March 2016, being the last full market day immediately preceding the date of the Limited Partnership Agreement.	RMB1,050,000,000	S\$480,490,644 ⁽¹⁾ or RMB2,236,972,241 ⁽²⁾	46.94%
Rule 1006 (d)			
The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable	Not applicable
Rule 1006(e)			
The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves. This basis is only applicable to a disposal of mineral, oil and gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable	Not applicable	Not applicable

Notes:

- (1) The market capitalisation of the Company of approximately S\$480,490,644 is determined by multiplying 9,846,119,747 Shares in issue by the volume weighted average price of S\$0.0488 of such Shares transacted as at 1 March 2016, being the market day immediately preceding the date of the Limited Partnership Agreement.
- (2) The market capitalisation of the Company as at 1 March 2016 in RMB is calculated based on the exchange rate of S\$1 : RMB4.6556 as at 1 March 2016.

7.3 Major Transaction

As the relative figures computed on the bases set out in Rule 1006(c) of the Singapore Listing Rules exceeds 20%, the Proposed Transaction constitutes a major transaction as defined in Chapter 10 of the Singapore Listing Rules. Accordingly, the Proposed Transaction is subject to the approval by Shareholders in a general meeting.

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8 INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

8.1 Interests of the Directors

The interests of the Directors in the capital of the Company as at the Latest Practicable Date are as follows:

	As at the Latest Practicable Date					
	Direct Interest		Deemed Interest pursuant to the SFA		Deemed Interest pursuant to the SFO	
	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>
Fan Haibin	–	–	–	–	–	–
Li Yao Min	8,352,672	0.085	–	–	–	–
Liu Heqiang	–	–	–	–	–	–
Yang Meiyu	–	–	–	–	–	–
Ren Xiaowei	–	–	–	–	–	–
Zuo Kun	–	–	–	–	–	–
Henry Tan Song Kok	600,000	0.006	–	–	–	–
Zhang Hao	–	–	–	–	–	–
Kong Siu Chee	–	–	–	–	–	–
E Hock Yap	–	–	–	–	–	–
Xie Zhen	–	–	–	–	–	–

Note:

- (1) The percentage interests are calculated based on the total number of Shares in issue as at the Latest Practicable Date, being 9,846,119,747 Shares.

8.2 Interests of the Substantial Shareholders

The interests of the Substantial Shareholders in the capital of the Company as at the Latest Practicable Date are as follows:

	As at the Latest Practicable Date					
	Direct Interest		Deemed Interest pursuant to the SFA		Deemed Interest pursuant to the SFO	
	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>	<i>No. of Shares</i>	<i>Approx. %⁽¹⁾</i>
CDBIH ⁽²⁾⁽³⁾⁽⁴⁾	5,347,921,071	54.32	–	–	1,468,356,862	14.91
CDBC ⁽²⁾⁽³⁾⁽⁴⁾	–	–	5,347,921,071	54.32	6,816,277,933	69.23
CDB ⁽²⁾⁽³⁾⁽⁴⁾	–	–	5,347,921,071	54.32	6,816,277,933	69.23
SRE Investment ⁽⁵⁾	1,468,356,862	14.91	–	–	5,347,921,071	54.31
Shi Jian ⁽⁶⁾⁽⁷⁾	6,104,938	0.062	1,468,357,952	14.91	6,816,279,023	69.23

LETTER FROM THE BOARD

Notes:

- (1) The percentage interests are calculated based on the total number of Shares in issue as at the Latest Practicable Date, being 9,846,119,747 Shares.
- (2) CDBIH is a wholly owned subsidiary of CDBC, which in turn is wholly owned by CDB. Both CDB and CDBC are therefore deemed under the SFA to be interested in the 5,347,921,071 Shares in which CDBIH is interested.
- (3) CDBIH is a wholly owned subsidiary of CDBC, which in turn is wholly owned by CDB. Both CDB and CDBC are therefore deemed under Part XV of the SFO to be interested in the 6,816,277,933 Shares in which CDBIH is interested.
- (4) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SRE Investment.
- (5) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.
- (6) Pursuant to Section 4 of the SFA, Mr. Shi Jian is deemed interested in a total of 1,468,357,952 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) Mr. Shi Jian is deemed interested in 1,090 Shares held by Ms. Si Xiao Dong by virtue of the fact that she is his spouse.
- (7) Pursuant to Part XV of the SFO, Mr Shi Jian is deemed interested in a total of 6,816,279,023 Shares for the following reasons: (i) Mr Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiao Dong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) as both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH under the SFO, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SRE Investment is deemed interested; and (iii) Mr. Shi Jian is deemed interested in 1,090 Shares held by Ms. Si Xiao Dong by virtue of the fact that she is his spouse.

8.3 Interests of Directors and Substantial Shareholders in the Proposed Transaction

Save as disclosed in paragraphs 4 and 8 of this Circular, none of the Directors, Controlling Shareholders or Substantial Shareholders of the Company has any interest, direct or indirect, in the Limited Partnership Agreement and/or Proposed Transaction.

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9 OPINION OF THE SINGAPORE IFA AND THE HONG KONG IFA

9.1 The Company has appointed KPMG Corporate Finance Pte Ltd as the Singapore IFA to advise the Independent Directors and the Audit Committee in relation to the Proposed Transaction. The Singapore IFA Letter, containing the Singapore IFA's advice in full, is set out in Appendix 2 to this Circular, and Shareholders are advised to read the Singapore IFA Letter carefully.

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- 9.2** Having considered the factors and the assumptions set out in the Singapore IFA Letter, subject to the qualifications set out therein and based on the Singapore IFA's evaluation of the Proposed Transaction, the Singapore IFA is of the opinion that the Proposed Transaction is on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.
- 9.3** The Company has appointed RHB Capital Hong Kong Limited as the Hong Kong IFA to advise the Independent Board Committee in relation to the Proposed Transaction. The Hong Kong IFA Letter, containing the Hong Kong IFA's advice in full, is set out in Appendix 1 to this Circular, and Shareholders are advised to read the Hong Kong IFA Letter carefully.
- 9.4** Having considered the factors and the assumptions set out in the Hong Kong IFA Letter, subject to the qualifications set out therein and based on the Hong Kong IFA's evaluation of the Proposed Transaction, the Hong Kong IFA is of the opinion that the Proposed Transaction is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the terms of the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Hong Kong IFA advises the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the proposed resolutions to approve the Limited Partnership Agreement and the transactions contemplated thereunder at the EGM. The Hong Kong IFA also advises the Independent Shareholders to vote in favour of the proposed resolutions to approve the Limited Partnership Agreement and the transactions contemplated thereunder at the EGM.

10 ABSTENTION FROM VOTING

Rule 919 of the Singapore Listing Rules requires that interested persons and their associates must not vote on any Shareholders' resolution approving any mandate in respect of any interested person transactions.

Rule 14A.36 of the Hong Kong Listing Rules requires that any shareholder who has a material interest in the transaction must abstain from voting on the resolution.

CDBIH which holds 54.32% of the shareholdings in the Company will abstain from voting at the EGM in relation to the Proposed Transaction and will not accept nominations as proxy or otherwise for voting at the EGM in respect of the said ordinary resolution unless the Independent Shareholders appointing CDBIH as proxies give specific instructions in the relevant proxy form in the manner in which they wish their votes to be cast for the ordinary resolutions.

LETTER FROM THE BOARD

11 STATEMENT OF THE AUDIT COMMITTEE

The members of the Audit Committee do not have any interests in the Proposed Transaction and are accordingly deemed to be independent for the purposes of the Proposed Transaction.

The Audit Committee has considered, *inter alia*, the terms, rationale and benefits of the Proposed Transaction and the Singapore IFA Letter in relation to the Proposed Transaction and is of the view that the Proposed Transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

12 EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 86 to 87 of this Circular, will be held at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore, 189673 on 29 April 2016 at 3:30 p.m. for the purpose of considering and, if thought fit, passing the Ordinary Resolution set out in the Notice of EGM.

13 ACTION TO BE TAKEN BY SHAREHOLDERS

13.1 Appointment of proxies by Shareholders

Shareholders who are unable to attend the EGM and wish to appoint a proxy/proxies to attend and vote on their behalf are requested to complete, sign and return the attached Shareholder Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898 (for Shareholders registered in the Company's British Virgin Islands register), or the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Shareholders registered in the Company's Hong Kong branch register), not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Shareholder Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy/proxies if he finds that he is able to do so. In the event of attendance by such Shareholder, the Shareholder Proxy Form of such Shareholder shall be deemed to be revoked. No further action is required on the part of the Shareholders.

13.2 Appointment of proxies by Depositors

A Depositor will not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the EGM. Depositors who wish to attend and vote at the EGM, and whose names are shown in the records of CDP as at a time not earlier than 72 hours prior to the time of the EGM supplied by CDP to the Company, may attend as CDP's proxies. Such Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can

LETTER FROM THE BOARD

attend and vote at the EGM without the lodgement of any proxy form. Such Depositors who are unable to attend personally and wish to appoint a nominee to attend and vote on his behalf, and who are not individuals, are requested to complete, sign and return the attached Depositor Proxy Form in accordance with the instructions printed thereon as soon as possible and in any event, so as to reach the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for the holding of the EGM. The completion and return of a Depositor Proxy Form by a Depositor does not preclude him from attending and voting in person at the EGM in place of his nominee if he finds he is able to do so.

14 CONSENTS

The Singapore IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Singapore IFA Letter reproduced in Appendix 2 and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

15 DIRECTORS' RECOMMENDATION

After having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Transaction, the Singapore IFA Letter, the Hong Kong IFA Letter and the statement of the Audit Committee, the Directors are of the opinion that the Proposed Transaction is in the interests of the Company and is not prejudicial to the interests of its minority Shareholders. Accordingly, they recommend that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Transaction as set out in the Notice of EGM.

16 DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Transaction, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

17 DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Limited Partnership Agreement will be available for inspection at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898 and the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong during normal business hours for three (3) months from the date hereof.

LETTER FROM THE BOARD

18 ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the other appendices to this Circular.

Yours faithfully

For and on behalf of the Board of Directors of
CHINA NEW TOWN DEVELOPMENT COMPANY LIMITED

Liu He Qiang

Chief Executive Officer and Executive Director
China New Town Development Company Limited

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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

Singapore and Hong Kong, 14 April 2016

To the Independent Shareholders

Dear Sir/Madam,

**THE PROPOSED ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN
THE PEOPLE'S REPUBLIC OF CHINA, WHICH CONSTITUTES:**

- AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION
UNDER THE SINGAPORE LISTING RULES**
- A MAJOR TRANSACTION AND CONNECTED TRANSACTION UNDER THE
HONG KONG LISTING RULES**

We have been appointed as the Independent Board Committee to advise you in connection with the Proposed Transaction, Limited Partnership Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board contained in the circular of the Company to the shareholders of the Company dated 14 April 2016 (the “Circular”), of which this letter forms part. We wish to draw your attention to the letter from the Hong Kong IFA as set out on pages 40 to 60 of the Circular. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

Having considered the information set out in the letter from the Board, the terms of the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder and the advice of the Hong Kong IFA in relation thereto as set out on pages 40 to 60 of the Circular, we are of the view that the Proposed Transaction and the Limited Partnership Agreement are in the interests of the Company and the Shareholders as a whole, and are on normal commercial terms, in the ordinary and usual course of the Company and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of the
Independent Board Committee

Mr. Henry Tan Song Kok
*Independent
Non-executive
Director*

Mr. Kong Siu Chee
*Independent
Non-executive
Director*

Mr. Zhang Hao
*Independent
Non-executive
Director*

Mr. E Hock Yap
*Independent
Non-executive
Director*

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from the Hong Kong IFA which has been prepared for inclusion in this Circular.

RHB 
RHB Capital Hong Kong Limited

12/F., World-Wide House
19 Des Voeux Road Central
Hong Kong

14 April 2016

China New Town Development Company Limited

Suites 4506 – 4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong

To: the Independent Board Committee and the Independent Shareholders of China New Town Development Company Limited

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION

A. INTRODUCTION

We refer to our appointment as the Hong Kong IFA to advise the Independent Board Committee and the Independent Shareholders in respect of the proposed constitution of the Investment Partnership, details of which are contained in the letter from the Board (the “**Letter from the Board**”) of the circular dated 14 April 2016 (the “**Circular**”) issued by the Company to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As referred to in the Letter from the Board, the Company’s wholly-owned subsidiaries, namely CDB New Town (Beijing) AM and Sheng Qi IFM, had on 2 March 2016 entered into the Limited Partnership Agreement with CIB, and CDB Fund, in relation to the constitution of the Investment Partnership, comprising a total Capital Amount of RMB5 billion to be contributed by the Group in its capacity as General Partner and Junior-Tranche Limited Partner, by CIB as Senior-Tranche Limited Partner and by CDB Fund as Intermediate-Tranche Limited Partner (the “**Proposed Transaction**”).

As CDB Capital is a Controlling Shareholder of the Company and CDB Fund is an associate of CDB Capital, CDB Fund is a connected person of the Company under the Hong Kong Listing Rules. The Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder therefore constitute a connected transaction under the Hong Kong Listing Rules requiring approval of the Independent Shareholders of the Company under Chapter 14A of the Hong Kong Listing Rules.

The Proposed Transaction is subject to approval by the Independent Shareholders at the EGM. Pursuant to the Hong Kong Listing Rules, shareholders with a material interest in a transaction and their respective associates shall abstain from voting on the relevant resolution(s). As at the Latest Practicable Date, CDBIH has a direct interest in 5,347,921,071 Shares in the Company, and CDB Capital, being the holding company of CDBIH, has an indirect interest in 5,347,921,071 Shares in the Company, representing 54.32% of the issued share capital of the Company. Accordingly, CDBIH will abstain from voting at the EGM in relation to the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder.

In our capacity as the Hong Kong IFA to the Independent Board Committee and the Independent Shareholders, our role is to provide you with an independent opinion and recommendations as to whether the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the terms of the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In addition, for the last two years up to the Latest Practicable Date, we have not acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to other transactions. Apart from normal professional fee paid to us in connection with such appointments, no arrangements exist whereby we had received any fees or benefits from the Company or any other party related to the aforesaid transactions, and therefore we consider such prior relationship would not affect our independence.

B. BASIS OF OUR OPINION

In formulating our advice and recommendations, we have relied on the accuracy of the information and facts supplied, and the opinions expressed by the Group, the Directors and the Group's management to us. We have assumed that all statements of belief and intention made by the Directors in the Circular were made after due and careful enquiries. We have also assumed that all information, representations and opinion made or referred to in the Circular were true, accurate and complete at the time they were made and will continue to be true at the date of the EGM. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Group, the Directors and the Group's management, and have been advised by the Directors that no material facts have been omitted from the information provided by or referred to in the Circular.

We have assumed such information to be accurate and reliable and have not carried out any independent verification on the accuracy of such information. Such relevant information provides us with a basis on which we have been able to formulate our independent opinion.

We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendations. We also consider that we have performed all reasonable steps as required under Rule 13.80 of the Hong Kong Listing Rules (including the notes thereto) to formulate our opinion and recommendations. We have not, however, conducted any form of in-depth investigations into the business affairs, financial position and future prospects of the Group and the parties to the Company, nor carried out any independent verification of the information supplied, representations made or opinions expressed by the Group, the Directors and the Group's management.

C. PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations regarding the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder, we have taken into account the following principal factors and reasons:

(a) Principal Business of the Group

The Company is incorporated under the laws of the BVI with limited liability, the shares of which are dual listed on the Main Board of the Hong Kong Stock Exchange and the SGX-ST. The Group is a new town developer in the PRC and is principally engaged in planning and developing large-scale new towns in PRC's largest cities, among which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified basis. Under CDB Capital's control, the Company also extends its principal business to fixed income investment in urbanization and township development, whereby the Company typically takes a non-controlling stake in the project joint venture and enjoys a guaranteed fixed return on investment from joint venture partner.

(b) Financial Information of the Group

The table below sets out a summary of the financial information of the Group as extracted from the annual report of the Company for the year ended 31 December 2014 (the “**Annual Report 2014**”) and the annual report of the Company for the year ended 31 December 2015 (the “**Annual Report 2015**”):

	For the year ended/as at 31 December 2014 (audited) (RMB'000)	For the year ended/as at 31 December 2015 (audited) (RMB'000)
Revenue	56,813	67,022
Interest income	36,334	134,881
(Loss)/profit for the year attributable to equity holders of the Company	(61,404)	65,141
Net asset value	3,847,436	3,884,422

Sources: The Annual Report 2014 and the Annual Report 2015

We noted from the Annual Report 2014 and the Annual Report 2015 that the revenue generated by the Group was primarily from the land development segment, which provides land infrastructure development and construction of ancillary public facilities.

For the year ended 31 December 2015, the Group recorded a total revenue of approximately RMB67.0 million (2014: approximately RMB56.8 million), representing an increase of approximately 18.0%. The increase in revenue was mainly due to the development progress of Shanghai Luodian Project, which increased from approximately 96.2% for the year ended 31 December 2014 to approximately 96.6% for the year ended 31 December 2015, resulting in a corresponding revenue recognition of approximately RMB30.9 million. In addition, Shanghai Luodian Project recognised ancillary facilities revenue of approximately RMB36.1 million for the year ended 31 December 2015. For the year ended 31 December 2015, the Group recorded interest income of approximately RMB134.9 million (2014: approximately RMB36.3 million), representing an increase of approximately 271.6%. The increase in interest income was mainly attributable to (i) an increase in net income of approximately RMB70.7 million from loans and receivables for Nanjing Two Bridges Project during the year; and (ii) the net income of approximately RMB10.4 million from loans and receivables for the newly launched Danyang Flood Discharge and Canal Regulation Project in accordance with the PPP (Public-Private-Partnership) model recognised for the year ended 31 December 2015. For details of the above projects, please refer to the Annual Report 2015.

As at 31 December 2014 and 31 December 2015, the audited net asset value of the Group amounted to approximately RMB3.8 billion and RMB3.9 billion, respectively.

As stated in the interim report of the Company for the six months ended 30 June 2015 (the “**Interim Report 2015**”), 2015 represented the first year of rapid growth after CDB Capital completed the subscription for 5,347,921,071 newly issued shares of the Company and became the largest shareholder of the Company. With the tremendous support from the Company’s controlling shareholder, the Group proactively expanded its financing channels and project pipeline, achieving considerable results.

We noted from the Interim Report 2015 that the Group has been, in terms of project sourcing, extensively taking advantage of the strategic resources and business network of the Company’s controlling shareholder to continuously participate in new type of urbanization projects throughout the country and create better returns for the Company’s shareholders, including but not limited to the following investment initiatives:

- (i) In May 2015, the Company entered into a strategic framework agreement with Sino IC Capital Management Company Limited, the manager of the National Integrated Circuit Industry Investment Fund, regarding the establishment of long-term strategic cooperation in the fields such as industrial park construction, industrial park transformation, strategic alliance and corporate sourcing. With funds under management designated to exceed RMB120 billion, the fund is jointly raised by partners led by CDB Capital, the Company’s controlling shareholder, and is expected to generate enormous business opportunities in nationwide industrial investment.
- (ii) In June 2015, the Company entered into the agreement regarding the establishment of the RMB10 billion CDB (Beijing) New-Type Urbanization Development Fund as a junior-tranche limited partner. Leveraging CDB Capital’s business network, the fund rapidly completed funding the shanty town reformation project in Luzhou, Sichuan, bringing excellent investment return to the Company. As stated, it is expected that the Company is able to participate into the nationwide urbanization development business with a relatively small investment amount in the future.

Also, we noted from the voluntary announcements of the Company dated 20 July 2015, 10 August 2015, 2 November 2015, 3 December 2015 and 31 December 2015 regarding a series of investment projects funded by CDB (Beijing) New-Type Urbanization Development Fund, an investment partnership set up by CDB New Town, a wholly-owned subsidiary of the Company (the “**Voluntary Announcements**”). According to the Voluntary Announcements, in 2015, the Group had secured 13 projects. These investments are expected to annually generate stable profits for the Company. Based on the distribution mechanism set out in the Voluntary Announcements and the then prevailing benchmark interest rate, assuming the investment partnership receives the investment return as agreed above and after distributing to senior-tranche and mid-tranche limited partners, the Group is expected to achieve an annual investment return of around or over 30% from the investments above. As stated, riding on the partnership’s investment, the Company is expected to continuously participate in the new type of urbanization projects throughout the country, and create better returns for its shareholders.

Accordingly, we noted that the Company does possess prior experience in establishing and investing in entities similar to the Investment Partnership.

(c) Background of the Investment Partnership

As stated in the Letter from the Board, the Investment Partnership was established to primarily focus on securities issued by government, government linked companies and commercial companies engaged in old town reformation, shanty town reformation, primary land development, the provision of municipal facilities with exclusive rights in the operation or management of water, waste treatment, alternative energies and public utilities resources or services, and secondary land development. The investment focus will be primarily on projects located in national economic zones, namely, the “Beijing-Tianjin-Hebei Zone”, the Yangtze River Delta, the Pearl River Delta, leading economic zones centered around provincial capital cities, and cities and counties with top rankings of GDP and fiscal position by the National Statistics Bureau and/or similar authorities.

As stated in the Letter from the Board, not less than 90% of the aggregate Capital Amounts of the Investment Partnership will be invested in fixed-income investments (in the form of (i) debt instruments (such as bonds or notes with payment of interest from time to time in accordance with the relevant debt instruments) or (ii) mezzanine type investments (such as an equity investment into a project joint venture with clearly defined annual investment return and arrangements to exit the full amount of original investment at the end of an agreed horizon)). The remaining Capital Amounts, subject to an upper limit of 10% of the aggregate Capital Amounts and consent by Senior-Tranche Limited Partner, can be invested in pure equity type investments. Pursuant to the Limited Partnership Agreement, “equity investment” refers to investment in equity of project companies without repurchasing or sales and purchase undertaking from the counterparty, or any form of guarantee or backstop arrangements towards investment returns.

In assessing the fairness and reasonableness of the allocation of the aggregate Capital Amounts, we understand that the Company considers making fixed-income investments or equity investments as in line with the Company’s principle business. We also reviewed the Limited Partnership Agreement and noted that (i) there is no obligation under the Limited Partnership Agreement for the Investment Partnership to participate in equity securities investment; (ii) further constraints are imposed to pure equity type investments where investment will be restricted to projects regarding secondary land development which primarily focus on lands in the heart of the first and second tier cities where there is sufficient market capacity and low movements in property prices, lands in good geographical location with a good transportation system completed with facilities nearby, competitive projects with clear and plausible development plans and which already have feasibility reports completed, developments that are simpler and will not require a long time to settle post-completion matters, developments with land premium requiring not more than a reasonable capital out of the total Capital Amounts contributed (preferably less than 60% of the total Capital Amounts contributed), clean lands with relocation and clearing works already completed, projects with reasonable collaterals and are able to provide returns on the Capital Amounts contributed, projects with clear funding strategies and exit terms, and projects backed by asset management companies; and (iii) pure equity investment is subject to the consent by Senior-Tranche Limited Partner. Accordingly, we noted that the extra risk of pure equity investments not

having a fixed return would be safeguarded by the abovementioned clauses should no beneficial pure equity based investment targets are identified. Given the above and the investment criteria and assessment standards to be conducted for each investment project by the Investment Partnership as further explained under the section headed “*Management of the Investment Partnership*” in this letter, we are of the view that the allocation of the aggregate Capital Amounts is fair and reasonable so far as the Independent Shareholders are concerned.

We noted from the Limited Partnership Agreement that there are one General Partner and three classes of Limited Partners in the Investment Partnership, namely Senior-Tranche Limited Partner, Intermediate-Tranche Limited Partner and Junior-Tranche Limited Partner, with different risk and return profiles and contribution amounts, details of which are discussed in the section headed “*Preferential Investment Gains and Profit Sharing Mechanisms*” in this letter. Pursuant to the Limited Partnership Agreement, the aggregate Capital Amount to be contributed by CDB New Town (Beijing) AM, being the Junior-Tranche Limited Partner, and Sheng Qi IFM, being the General Partner, collectively, of RMB1,050,000,000, has been determined after taking into account, among other things, the strategic allocation of financial resources among various investment opportunities. The Board currently contemplates that the Company will fund its share of the Capital Amounts through a mixture of internal resources of the Company and potential borrowings if necessary.

(d) Prospect of the Old Town Reformation Industry in the PRC

We understand from the Company that the Investment Partnership will primarily focus on securities issued by government, government linked companies and commercial companies engaged in projects such as old town reformation, shantytown reformation, primary land development, etc. According to the National Bureau of Statistics of China, urban population in the PRC increased from approximately 731.1 million in 2013 to approximately 749.2 million in 2014, whereas urbanization rate increased from approximately 47.0% in 2008 to approximately 54.8% in 2014. According to the National New-Type Urbanization Plan (2014-2020) published by the Central Committee of the Communist Party of China (CPC) and the State Council in March 2014, the urbanization rate in the PRC is expected to reach 60% by 2020. Increasing urbanization has led to an increase in the number and size of cities, resulting in an increased demand for urbanization projects in the PRC. Having considered the optimistic future prospect of projects regarding urbanization in the PRC, we are of the view that the return from the Proposed Transaction will be promising.

(e) Rationale and Benefits of the Proposed Transaction

As stated in the Letter from the Board, the Proposed Transaction, if implemented, is in line with the Company's business in primary land development, and it is expected that the Proposed Transaction will deliver the following significant strategic benefits to the Company:

- (i) As evident from the Company's projects launched since CDB Capital's acquisition of the Company's Shares, a substantial portion of the Company's future projects are entered into on the terms of receiving fixed investment income, and are typically backed by solid credit enhancement measures from government entities in the form of listing the payment arrangements into local fiscal budgets and/or obtaining sufficient collateral headroom. They represent safe investments which support the use of relatively high level of external funding to substantially improve the investment returns to Shareholders, and exhibit the benefits the Company derived from the financing support, relationships with the government, and know-how of CDB Capital and its group;
- (ii) Through the establishment of the Investment Partnership, each Partner's risks and returns are determined based on their investments, and no Partner has any recourse to the Group, despite the Group's role as General Partner and Junior-Tranche Limited Partner of the Investment Partnership. In addition, the preferred investment gains attributable to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner as described in the Letter from the Board are only effective upon actual drawdown and contribution of funding by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner, making this a flexible financing option for the Company in respect of the projects to be undertaken by the Investment Partnership;
- (iii) With an aggregate committed capital of RMB5 billion, the Investment Partnership represents a one-stop financing solution at attractive financing costs for the Group to support its urbanization investment projects for a few years. The Investment Partnership is therefore crucial for the Company in terms of fuelling its project growth, market share expansion, as well as opening up attractive downstream investment opportunities in the expanded new town project portfolio; and
- (iv) Arising from the excellent track record, brand name and industry leadership in nationwide urbanization investment of CDB Capital, the investment of CDB Fund as an Intermediate-Tranche Limited Partner will serve as a strong backing to the Investment Partnership's and the Group's businesses and investments, thus forming an integral role in the successful establishment of the Investment Partnership.

The management of the Company represented that the downside risk for the Investment is limited and controlled, and there is a huge room for upside in the future. Although the Capital Amounts actually contributed by the Group can be at risk in favour of securing preferential investment gains of other Limited Partners, it can also share a larger proportion of investment income than the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner. For details, please refer to the section headed "*Preferential Investment Gains and Profit Sharing Mechanisms*" in this letter.

The management of the Company further represented that the Proposed Transaction is in line with recent business strategies of the Group since the Investment Partnership primarily focus on projects related to old town reformation, shanty town reformation, primary land development, integrated land, property development, etc., which shows that the Company remains fully committed to new town development business and will continue to leverage off the expertise and strategic resources of its controlling shareholder and pursue more breakthroughs in project sourcing and financing so as to create more sustainable returns for its shareholders. As indicated in the section headed “*Financial Information of the Group*” in this letter, the Company has been actively seeking investment opportunities since the issuance of the Interim Report 2015.

Having taken into account of the above, in particular, (i) the Company does possess prior experience in establishing and investing in entities similar to the Investment Partnership; (ii) the Proposed Transaction is in line with recent business strategies of the Group; (iii) the Company has been extensively taking advantage of the strategic resources and business network of the Group’s controlling shareholder to continuously participate in new type of urbanization projects throughout the country; and (iv) the potential positive contribution from the Investment Partnership to the Group in the long run, we consider the reasons for the Proposed Transaction are justifiable and the entering into of the Limited Partnership Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interest of the Company and Shareholders as a whole.

D. PRINCIPAL TERMS OF THE LIMITED PARTNERSHIP AGREEMENT

On 2 March 2016, CDB New Town (Beijing) AM and Sheng Qi IFM, wholly-owned subsidiaries of the Company, entered into the Limited Partnership Agreement with CIB, and CDB Fund, in relation to constitution of the Investment Partnership, comprising a total Capital Amount of RMB5 billion to be contributed by the Group, in its capacity as General Partner and Junior-Tranche Limited Partner, by CIB as Senior-Tranche Limited Partner and by CDB Fund as Intermediate-Tranche Limited Partner.

There will be two categories of partners under the Investment Partnership, a General Partner and three Limited Partners.

General Partner – The General Partner of the Investment Partnership is Sheng Qi IFM, a newly established wholly-owned subsidiary of the Group with registered capital of RMB1,000,000, and is engaged in the principal activity of operating and managing funds focusing on urbanization-related investments.

The Investment Partnership has three Limited Partners, differentiated in accordance with the priority of their rights to distributions from the Investment Partnership, as follows:

- (i) Senior-Tranche Limited Partner – The Senior-Tranche Limited Partner is CIB, a subsidiary of CIB Fund Management Co., Ltd. (興業基金管理有限公司) and is engaged in offering asset management services and other services permitted by the China Securities Regulatory Commission in the PRC.

- (ii) Intermediate-Tranche Limited Partner – The Intermediate-Tranche Limited Partner is CDB Fund, a fund established and managed by CDB Capital for various types of investment opportunities, among which urbanization is the core segment. CDB Capital is an indirect Controlling Shareholder of the Company.
- (iii) Junior-Tranche Limited Partner – The Junior-Tranche Limited Partner is CDB New Town (Beijing) AM, a subsidiary of the Group, which is engaged in the principal business of investment management and advisory.

Save for the General Partner, Intermediate-Tranche Limited Partner and Junior-Tranche Limited Partner, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, other parties to the Limited Partnership Agreement and their ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

In determining which class of limited partnerships to be invested, investors (including the Company) have taken into consideration of their own expected return and risk tolerance level, which are mainly reflected in the distribution mechanism as described in the sub-section headed "*Preferential Investment Gains and Profit Sharing Mechanisms*" in this letter.

The investment period is expected to be eight years in total, commencing from the date of establishment of the Investment Partnership. The investment period will be divided as follows:

- (i) there will be an initial four years, known as the "investment deployment period", during which investments will be undertaken; and
- (ii) the ensuing four years, known as the "exit period", will be period during which no more new investment projects will be undertaken and the proceeds of investments that are realised will be distributed to all Partners within an agreed period of time from the receipt of such proceeds, subject to the conditions set out in the section entitled "*Profit sharing mechanisms*" in Section 2.7 of the Letter from the Board. If agreed to by all the Partners, this period may be extended for further periods of one year, subject to a maximum of two extensions.

All the Partners may agree to further extend or reduce the investment period, investment deployment period, and exit period. In deciding whether to extend or reduce the investment period, investment deployment period and exit period, the Company will take into account business needs of the Investment Partnership and opportunity costs of sticking to the original terms for the Partners, which include, *inter alia*, progress of capital deployment at the time, project pipeline, performance of deployed investments, as well as the need to adjust duration of invested capital based on commercial merits.

According to the Letter from the Board, the Company currently does not envisage that the extension of the investment period, investment deployment period and/or exit period will result in the Company's total Capital Amount to be contributed exceeding RMB1,050,000,000. In the event that the Capital Amount exceeds RMB1,050,000,000, Shareholders' approval will be obtained for such further amounts to be invested.

As represented by the management of the Company, the terms of the Limited Partnership Agreement, including the amount of capital contribution, are determined after arm's length negotiation between the parties with reference to the capital requirement of the Investment Partnership.

In order to assess the fairness and reasonableness of the terms of the Limited Partnership Agreement, we have considered the following major points:

(a) Capital Contributions under the Investment Partnership

Under the terms of the Limited Partnership Agreement, the Investment Partnership will be established with the Capital Amounts agreed to be contributed, and at such times, by each of the Partners as follows:

Name of Partner (Tranche)	Agreed Capital Amounts ("Capital Amounts") (RMB'000)	Committed Capital Ratio to the Investment Partnership ("Committed Capital Ratio") (%)	Time for Contribution of Capital Amounts
Sheng Qi Investment Fund Management Company Limited (General Partner)	1,000	0.02%	For the General Partner, payable in full upon constitution of the Investment Partnership.
CIB Wealth Management Co., Ltd. (Senior-Tranche Limited Partner)	3,750,000	75.00%	For all the Limited Partners, upon issue of a drawdown notice and within the period specified in the drawdown notice, which will be not less than 12 Working Days.
CDB Jingcheng (Beijing) Investment Fund Company Limited (Intermediate-Tranche Limited Partner)	200,000	4.00%	
CDB New Town (Beijing) Asset Management Co. Ltd. (Junior-Tranche Limited Partner)	1,049,000	20.98%	
Total	5,000,000	100.00%	

The General Partner shall be entitled to issue drawdown notices for the contribution of Capital Amounts by each Partner only after approval is obtained from the investment management office of the Investment Partnership, and in accordance with the amounts required for any approved investments by the Investment Partnership. Unless otherwise agreed by the Senior-Tranche Limited Partner, the contribution of the Capital Amount by the Senior-Tranche Limited Partner for any single project or investment will not exceed RMB937.5 million, and the Capital Amounts to be contributed by each Limited Partner will be in relative proportion to the Committed Capital Ratio set out in the table above.

Assuming that a single project where the maximum threshold of RMB937.5 million to be contributed by the Senior-Tranche Limited Partner is being considered, the Capital Amount to be contributed by the Group (acting as the General Partner and Junior-Tranche Limited Partner) and the Intermediate-Tranche Limited Partner is approximately RMB262.5 million and RMB50.0 million, respectively, and the aggregate Capital Amount contributed by all the Partners is approximately RMB1.3 billion. We noted from the Voluntary Announcements that any of the investment projects funded by CDB (Beijing) New-Type Urbanization Development Fund in 2015, in phases, was amounted not more than RMB500 million. With reference to the track record of the Group in similar investments, the maximum single investment amount restriction still provides the Limited Partnership with flexibility and does not prohibit the Investment Partnership from investing in potential projects.

Pursuant to the Limited Partnership Agreement, the General Partner agreed to make a capital commitment to the Investment Partnership of RMB1.0 million, representing around 0.02% of the total Capital Amounts agreed to be contributed to the Investment Partnership so that its interest is aligned with other limited partners of the Investment Partnership. According to the Group's management, this structure is in line with the market practice to align the interests of the general partner and the limited partners and therefore, benefit the Investment Partnership's fund raising ability.

According to the Letter from the Board, the total Capital Amounts to be contributed by CDB New Town (Beijing) AM and Sheng Qi IFM collectively, of RMB1,050,000,000, has been determined after taking into account, among other things, the intended investment opportunities as described in paragraph 2.4 under the Letter from the Board. As stated, the Board currently contemplates that the Company will fund its share of the Capital Amount through a mixture of internal resources of the Company and potential borrowings if necessary.

According to the Letter from the Board, the total Capital Amounts of RMB5 billion and the allocation basis of the Capital Amounts among the General Partner and Limited Partners were agreed after arm's length negotiations among the parties to the Limited Partnership Agreement and taking into account numerous factors, including the possible investment return from Investment Partnership, the financial position and resources available to the each party, and the investment opportunities expected to be available and financed through the Investment Partnership within the investment period. We have reviewed the terms of similar projects invested by the Company in 2015 and noted that among the 13 projects secured by the Group in 2015, investment term ranges from one year to eight years and the aggregate investment amounts of the 13 projects amounted to approximately RMB4.4 billion, which is comparable to the size of the aggregate Capital Amounts as stipulated in the Limited Partnership Agreement.

Based on the above, we are of the view that the constraint of maximum single investment to the Senior-Tranche Limited Partner imposed of RMB937.5 million, the allocation basis of the Capital Amounts among the General Partner and the Limited Partners, total Capital Amounts contributed by the Group, and the total Capital Amounts of the Limited Partnership are fair and reasonable so far as the Independent Shareholders are concerned.

(b) Management of the Investment Partnership

As stated in the Letter from the Board, the General Partner has the right to manage daily operations of the Investment Partnership and is responsible for the operation of the Investment Partnership and shall ensure the legal compliance of the Investment Partnership with the regulations in the PRC. There is no management fee payable to the General Partner. However, expenses incurred by the General Partner in the administration and management of the Investment Partnership will be borne by the Investment Partnership. Pursuant to the terms of the Limited Partnership Agreement, the General Partner is required to indemnify the Limited Partners for losses caused to such Limited Partners due to the wilful default or material breach of the Limited Partnership Agreement by the General Partner.

Pursuant to the terms of the Limited Partnership Agreement, the assessment procedures and standards of each investment undertaken by the Investment Partnership shall be primarily based on the existing assessment procedures and standards of the Company. The Company must have completed its full assessment of each target investment project, including project initiation, due diligence and approval by the Company's investment committee before such target investment project will be recommended to the investment management office of the Investment Partnership, an office dedicated to the Investment Partnership's investment deployment and exit executions and all the three members of which will be appointed by the General Partner, for its final approval and decision making.

We have discussed with the management of the Company and reviewed the qualification and experience of the Company's core investment committee members and noted that such members (i) are involved in the management of the daily operation of the Group and have an understanding of the investment objectives and the investment direction of the Company; (ii) have experience in various areas, including investment management, project management, risk management, and corporate financing; and (iii) are familiar and experienced in urbanization project management and investment. On such basis, we are of the view that the Company's investment committee members have sufficient expertise and experience to assess and decide on the investment to be undertaken by the Investment Partnership.

The management and operation of the Investment Partnership shall be vested exclusively in the General Partner, who shall have the power on behalf and in the name of the Investment Partnership to carry out any and all of the purposes of the Investment Partnership and to perform all acts and enter into and perform all contracts and other undertakings that it may deem necessary or advisable or incidental thereto. Without limiting the foregoing, among other things, the General Partner is authorised and empowered in the name of and on behalf of the Investment Partnership to make, own, manage, supervise and dispose of investments of the Investment Partnership and to execute and deliver in the Investment Partnership's name any and all instruments necessary to effectuate such transactions.

The investment decision by the General Partner shall comply with the investment criteria and assessment standards as set out in the Limited Partnership Agreement. Where the Senior-Tranche Limited Partner requires any clarification in respect of an investment decision, the Senior-Tranche Limited Partner shall request for clarification in writing within ten Working Days of receiving the drawdown notice, upon which the General Partner is required to justify the investment decision in writing to the satisfaction of the Senior-Tranche Limited Partner.

Upon review of the Limited Partnership Agreement, we noted that the board of directors of the Investment Partnership consists of three directors, all three members of which shall be appointed by the General Partner. Through the board representation, the Group can exert influence and exercise control over the investment management office of the Investment Partnership and ultimately the Investment Partnership.

We also noted from the Limited Partnership Agreement that the Senior-Tranche Limited Partner has certain veto rights in respect of each investment undertaken by the Investment Partnership. Nonetheless, since the veto rights were restricted to potential investment projects outside the ordinary course of business of the Investment Partnership or which breaches certain terms of the Limited Partnership Agreement, and the respective veto right was merely meant to be a defensive measure for protection of the Limited Partners' interests rather than a means to acquire control, the General Partner would still be able to manage its business in its ordinary course without interference from the Senior-Tranche Limited Partner. Accordingly, the Senior-Tranche Limited Partner should not be considered to be in a position to have major influence over the Investment Partnership's decision of investments. As such, we still consider the reasons for having such veto rights by the Senior-Tranche Limited Partner as justifiable. Save for the abovementioned, the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner are passive investors in the Investment Partnership and have no right to take part in the management or control of the Investment Partnership's business or to act for or bind the Investment Partnership.

(c) Preferential Investment Gains and Profit Sharing Mechanisms

Senior-Tranche Limited Partner – Relevant PBOC benchmark rate for loans of tenor over five years (currently 4.90% per annum), such benchmark rate to be determined on the actual funding date, plus 1.65% per annum, subject to the terms and conditions set out in the section entitled “*Profit sharing mechanisms*” in Section 2.7 of the Letter from the Board.

Intermediate-Tranche Limited Partner – Fixed rate of 11.6% per annum, subject to the terms and conditions set out in the section entitled “*Profit sharing mechanisms*” in Section 2.7 of the Letter from the Board.

Junior-Tranche Limited Partner and the General Partner – Junior-Tranche Limited Partner and the General Partner are not entitled to preferential investment gains but shall enjoy the profit sharing of the Investment Partnership, subject to the terms and conditions set out in the section entitled “*Profit sharing mechanisms*” in Section 2.7 of the Letter from the Board.

As represented by the management of the Company, the preferential investment gains, each as set out above respectively have been determined based on arm's length negotiations between the Limited Partnership Agreement taking into account their expected level of return from investments of similar nature and magnitude.

The return rate to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner is agreed after arm's length negotiations among the parties taking into account the relative priority in distribution and thus the relative structural safety of the various tranches in the Investment Partnership. In particular, in the case of the Senior-Tranche Limited Partner, the return rate is agreed with reference to a reasonable spread on top of the benchmark PBOC rate and the Capital Amounts agreed to be committed by it, and in the case of the Intermediate-Tranche Limited Partner, the return rate is agreed with reference to the strong backing that is expected to be offered by the Intermediate-Tranche Limited Partner in light of its brand name and industry leadership in nationwide urbanisation investment.

We learnt from the management of the Company that the Group has entered into other limited partnership agreement before entering into the Limited Partnership Agreement. On 16 June 2015, CDB New Town (Beijing) Asset Management Co., Ltd, a wholly-owned subsidiary of the Company, had entered into a limited partnership agreement in relation to the setting of an investment partnership, the CDB (Beijing)-BOCOMM New-Type Urbanization Development Fund with a total amount of RMB10 billion. We noted that the return rates of (i) the equivalent senior-tranche limited partner was the prevailing base lending rate published by the PBOC (then being 5.65%) plus 1.65% per annum and therefore the fixed annualised rate to the senior-tranche limited partner was approximately 7.3% per annum; and (ii) the equivalent intermediate-tranche limited was at a fixed rate of 12% per annum. Accordingly, the return rates to Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner were both lower than that in other limited partnership of the Group.

We have also reviewed the return rates in other partnerships/funds announced by companies (the “**Comparable Companies**”) listed on the Hong Kong Stock Exchange in six months prior to and up to the date of the Limited Partnership Agreement (i.e. between 3 September 2015 and 2 March 2016) for which the Comparable Companies or their subsidiaries have invested as general partners/limited partners and identified an exhaustive list of eight investments in these partnerships. Since the investments of the Comparable Companies were by way of limited partnership agreements which had similar legal forms as the Investment Partnership, we consider the comparison between the return rates of the investments in partnerships of the Comparable Companies is appropriate. We also consider that a review period of six months is appropriate to capture the recent market practice of determination of the return rates under limited partnership agreements for the investments of other listed companies.

According to our findings, only two out of the eight Comparable Companies have a fixed investment return rate, of 8% per annum, to any of its specific limited partners. We noted that the return rate to Senior-Tranche Limited Partner is lower than that of the Market Comparables while the return rate of Intermediate-Tranche Limited Partner is higher than that of the Market Comparables. Further, it was noted that although most of the Comparable Companies do not have fixed return rates to its limited partners, limited partners of the Market Comparables are generally entitled to share surplus investment returns amongst the partners, usually on a pro-rata basis to the capital contributions respectively made by them.

We noted that (i) the return rates to Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner were both lower than that in other limited partnership of the Group; (ii) the return rate to Senior Tranche Limited Partner is lower than the Comparable Companies; (iii) although the return rate to Intermediate-Tranche Limited Partner is higher than the Comparable Companies, as represented by the management of the Company, the return rate is agreed with reference to the strong backing that is expected to be offered by the Intermediate-Tranche Limited Partner in light of its brand name and industry leadership in nationwide urbanization investment; and (iv) as compared to the distribution arrangement of the Market Comparables, the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner are not entitled to any gains on top of their fixed returns, and thus the Group is entitled to receive the entire profit share on the excess profit sharing amount as compared to other Limited Partners. Based on the above, although it has not come to our conclusion that it is a common market practice for specific limited partners to have fixed return rates, we do not consider the overall distribution mechanism of setting fixed return rates to the Senior Tranche Limited Partner and Intermediate-Tranche Limited Partner to have undermined the interests of the Company and the Independent Shareholders as a whole. We consider the return rates to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner is fair and reasonable.

As stated in the Letter from the Board, during the entire investment period, the proceeds and capital sum from the Capital Amounts contributed shall be distributed to the Partners within five Working Days of duly receiving such proceeds. When distributed on a distribution date, such proceeds shall be distributed in the following manner:

- (i) Such proceeds and capital sums shall first be preferentially distributed to the Senior-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Senior-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (a) the actual Capital Amounts paid up by the Senior-Tranche Limited Partner for such investment; and (b) the preferential investment gains formula stipulated in the Limited Partnership Agreement;
- (ii) Next, the remainder, if any, shall be preferentially distributed to the Intermediate-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Intermediate-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: (a) the actual Capital Amounts paid up by the Intermediate-Tranche Limited Partner for such investment; and (b) the preferential investment gains formula stipulated in the Limited Partnership Agreement; and
- (iii) Lastly, the remaining amounts shall be divided among the Junior-Tranche Limited Partner and the General Partner in proportion to the actual Capital Amounts paid up by each of them for such investment.

In the event that the amounts distributed on any distribution date for fixed-income investments or pure equity type investments (as the case may be) is insufficient to satisfy the preferential investment gains and capital attributable to the Senior-Tranche Limited Partner, the amounts distributable on the next distribution date for fixed-income investments or pure equity type investments (as the case may be) shall first be used to satisfy any such shortfall in payment to the Senior-Tranche Limited Partner on previous distribution dates.

Based on our review of the Limited Partnership Agreement, we understand that the risk level to be borne by the Senior-Tranche Limited Partner, the Intermediate-Tranche Limited Partner and the Group (acting as the General Partner and Junior-Tranche Limited Partner) are different as analysed below:

- (i) The Group (acting as the General Partner and Junior-Tranche-Limited Partner) will bear the highest level of risk among the Partners as the Capital Amounts committed by the Group on any investment project will not be preserved unless the proceeds and capital sum from the investment project is higher than the aggregate contribution amounts and preferential investment gain entitlements of the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner, the contribution amounts of the Group, and any shortfall in payment to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner on previous distribution dates.
- (ii) The risk level to be borne by the Senior-Tranche Limited Partner is lower than the Group given that (a) although the investment amount of Senior-Tranche Limited Partner is the highest compared to the total contributions in the Investment Partnership, it will receive a guaranteed annualised return with reference to benchmark rate for loans of tenor over 5 years (currently 4.90% per annum) plus 1.65% per annum of its contribution; (b) proceeds and capital sums shall first be preferentially distributed to the Senior-Tranche Limited Partner; and (c) it has certain veto rights in respect of each investment undertaken by the Investment Partnership.
- (iii) The risk level to be borne by the Intermediate-Tranche Limited Partner is also lower than the Group given that (a) the investment amount of the Intermediate-Tranche Limited Partner is relatively small compared to aggregate total contributions of the Group in the Investment Partnership and it will receive a guaranteed annualised return of 11.6% of its contribution; and (b) the Capital Amounts committed by the Intermediate-Tranche Limited Partner on any investment project is preserved unless the proceeds and the capital sum from the investment project is lower than the aggregate of the contribution amounts and preferential investment gains entitlement of the Senior-Tranche Limited Partner, the contribution amounts of the Intermediate-Tranche Limited Partner, and any shortfall in payment to the Senior-Tranche Limited Partner on previous distribution dates.

Further, as stated in the Letter from the Board, while legally, the General Partner has unlimited liability, the liability of the General Partner will be limited in reality and the risks to the Company will be contained, for the following reasons:

- (a) The intention is for the Investment Partnership to utilise the Capital Amounts actually contributed in undertaking investment projects, and Partners do not intend for the Investment Partnership to incur additional borrowings to fund the investment projects. Accordingly, the risks the General Partner will be exposed to will not exceed the amount of Capital Amounts actually contributed by the General Partner;
- (b) Sheng Qi IFM was recently incorporated by the Company as a special purpose vehicle, specifically for the purpose of acting as the general partner of the Investment Partnership. As at the Latest Practicable Date, Sheng Qi IFM does not have any material assets and liabilities. In the event that as General Partner of the Investment Partnership, Sheng Qi IFM is called upon to assume any liabilities of the Investment Partnership that is over and above the Capital Amounts actually contributed by Sheng Qi IFM, the Group intends to wind up Sheng Qi IFM. Accordingly, any liabilities assumed by Sheng Qi IFM will not impact the Group; and
- (c) Investment projects to be undertaken by the Investment Partnership will be approved in accordance with the process further described in paragraph 2.5 entitled “*Decision making of the Investment Partnership*” of the Letter from the Board. As the investment projects will first be subject to the approval of the Company’s investment committee, the intention of the Company is to undertake investment projects which will (i) result in a return of equity to the Group, through the proceeds and capital sums distributed to CDB New Town (Beijing) AM and Sheng Qi IFM pursuant to paragraph 2.7 entitled “*Profit sharing mechanisms*” of the Letter from the Board; and (ii) will be commensurate with the risks undertaken by CDB New Town (Beijing) AM and Sheng Qi IFM.

Pursuant to the Limited Partnership Agreement, the General Partner and the Junior-Tranche Limited Partner will not be required to bear the shortfall of the returns and the Capital Amounts attributable to the Senior Tranche Limited Partners and Intermediate Tranche Limited Partner. Accordingly, the maximum liability of the Group under the Investment Partnership is limited to the Capital Amounts committed by the Group of approximately RMB1,050,000,000 plus the registered capital of the General Partner of approximately RMB1,000,000. Nonetheless, the Group (acting as the General Partner and Junior-Tranche-Limited Partner) will have a higher upside potential of return than both the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner. As such, we are of the view that the distribution mechanism arrangement is still fair and reasonable to the Company and its Shareholders.

Pursuant to the Limited Partnership Agreement, the guaranteed annualised return of the Senior-Tranche is the prevailing base lending rate published by the PBOC plus 1.65% per annum. The current prevailing base lending rate in the PRC for loan tenor over 5 years is 4.90% and therefore the guaranteed annualised return of the Senior-Tranche Limited Partner will be

approximately 6.55% of its contribution assuming that there is no change in the prevailing base lending rate in the PRC. The guaranteed annualised return of the Intermediate-Tranche Limited Partner is 11.6% of its contribution. Having considered that (i) the nature of the Investment Partnership and the benefits of the Proposed Transaction as discussed in the sections headed “*Background of the Investment Partnership*” and “*Rationale and Benefits of the Proposed Transaction*” in this letter, respectively; and (ii) the Partners’ different risk profiles, particularly the differences in Commitment Capital Ratio, profit sharing mechanisms and roles in the Investment Partnership, as analysed above, we are of the view that the guaranteed annualised return of the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner is fair and reasonable.

We noted from the Voluntary Announcements, that the Company had been engaged in establishing, and investing in entities similar to the Investment Partnership before. According to the Voluntary Announcements, in 2015, the Group had secured 13 projects. We noted that such projects have an investment period ranged from one to eight years and the guaranteed annualised investment return of each of the projects was no less than 10.0%. Based on the distribution mechanism set out in the Voluntary Announcements and the current prevailing benchmark interest rate the Group is expected to achieve an annual investment return of around or over 30% from the investments as abovementioned.

According to our calculation on the distribution mechanism, assuming that there is no change in the prevailing base lending rate in the PRC and thus the preferential investment gain of the Senior-Tranche Limited Partner is approximately 6.55% and the guaranteed annualised return of the Intermediate-Tranche Limited Partner is 11.6%, we noted that (i) when there is a return of more than approximately 5.3765% on the capital contributions, the aggregate returns of the investment on top of the Capital Amounts contributed by the Partners will be able to cover the guaranteed returns for both the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner.

It should be noted that if the return is lower than 5.3765% of the capital contributions, the return generated on top of the Capital Amounts contributed by the Partners will be unable to satisfy the relevant PBOC benchmark rate returns for the Senior-Tranche Limited Partner and the guaranteed annualised return of 11.6% for the Intermediate-Tranche Limited Partner, and the Company will not be able to preserve its entire Capital Amounts committed to such project. However, having considered that (i) the Group, via its role as the General Partner, holds the discretion to select profitable projects, and the track record of the Group to secure such projects with justifiable returns, it will not be difficult to achieve the aforesaid 5.3765% of return to the total contributions; and (ii) the Company is entitled to receive the entire profit share on the excess profit sharing amount as compared to other Limited Partners, we consider the arrangement for the Company to be distributed its Capital Amounts after the payments of Capital Amounts and the guaranteed annualised returns to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner is acceptable.

We have reviewed distribution policy of other Investment Partnerships which the Company formed with other third parties and noted that while the distribution scale amongst general partners and the limited partners may be different as compared to the Investment Partnership which was a result of arm's length negotiations between the general partners and limited partners of each Investment Partnership, the distribution model of the Investment Partnership is not peculiar. Accordingly, we consider the distribution policy fair and reasonable.

We understand that the investment return from the Proposed Transaction is dependent on the success of invested projects for which it is a future event and the outcome is unpredictable. **Independent Shareholders are therefore advised to exercise caution in this regard and make careful decision in voting on the relevant resolution in the EGM.**

Based on the management and policies of the Investment Partnership discussed above, and the fact that the Capital Amounts committed by the Group, if made to the Investment Partnership, economic benefits/return of the Company would be well protected through the management and distribution mechanism of the Investment Partnership, we are of the view that relevant terms of the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable.

Overall, we consider that the terms of the Limited Partnership Agreement are (i) on normal commercial terms; and (ii) fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole.

E. POSSIBLE FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

(a) Effect on net asset value and earnings:

As stated in the Annual Report 2015, the unaudited consolidated net assets value of the Group was approximately RMB3.9 billion as at 31 December 2015. Profit attributable to owners of the Company for the year ended 31 December 2015 was approximately RMB65.1 million. The Proposed Transaction is not expected to have any significant contribution to the earnings of the Group for the year ending 31 December 2016. It is expected that the Capital Amounts committed by the Group will not have immediate material impact on net asset value and earnings of the Group immediately upon completion of the Proposed Transaction.

(b) Effect on bank balances and cash and working capital:

As stated in the Annual Report 2015, the cash and bank balances of the Group was approximately RMB1.6 billion as at 31 December 2015. Working capital of the Group (as derived by current assets minus current liabilities) was approximately RMB4.6 billion as at 31 December 2015.

As stated in the Letter from the Board, the Capital Amounts funded by the Group will be satisfied by a mixture of internal resources of the Group and potential borrowings if necessary. As represented by the management of the Company, the Group still has sufficient working capital for its present operation. Having taken into account of the above, we consider that the Capital Amounts to be committed by the Group is not expected to have any material impact to the working capital of the Group immediately upon completion of the Proposed Transaction.

It should be noted that the aforementioned analyses are for illustrative purpose only and do not purport to represent how the financial positions and performance of the Group will be upon completion of the Proposed Transaction.

F. RECOMMENDATION

Having considered the above principal factors and reasons as analysed above, we consider that the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the terms of the Limited Partnership Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the proposed resolutions to approve the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder at the EGM. We also advise the Independent Shareholders to vote in favour of the proposed resolutions to approve the Proposed Transaction, the Limited Partnership Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,

For and on behalf of

RHB Capital Hong Kong Limited

Derek Cheng

Steven Wu

Managing Director and

Director

Head of Investment Banking

Corporate Finance

Mr. Derek Cheng (i) is a licensed persons registered with the Securities and Futures Commission and as a responsible officer of RHB Capital Hong Kong Limited to carry on Type 6 (advising on corporate finance) regulated activities under the SFO and (ii) has over 11 years of experience in investment banking industry.

Mr. Steven Wu (i) is a licensed persons registered with the Securities and Futures Commission and as a responsible officer of RHB Capital Hong Kong Limited to carry on Type 6 (advising on corporate finance) regulated activities under the SFO and (ii) has over 8 years of experience in corporate finance industry.

Independent Directors
China New Town Development Company Limited
2/F Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

14 April 2016

Dear Sirs,

INDEPENDENT FINANCIAL ADVISER'S LETTER IN RESPECT OF THE PROPOSED ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN THE PEOPLE'S REPUBLIC OF CHINA, WHICH CONSTITUTES AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION UNDER THE SINGAPORE LISTING RULES

For the purposes of this letter, capitalised terms not otherwise defined herein shall have the same meaning given as in the circular dated 14 April 2016 to the shareholders of China New Town Development Company Limited (the "Shareholders") ("CNTD" or the "Company") in relation to, inter alia, the above matters (the "Circular").

1 INTRODUCTION

Overview

On 2 March 2016, the Company announced that the Company's subsidiaries, CDB New Town (Beijing) AM and Sheng Qi IFM, had on 2 March 2016 entered into the Limited Partnership Agreement with CIB, and CDB Fund, in relation to constitution of the Investment Partnership, comprising a total Capital Amount of RMB5 billion to be contributed by the Group, in its capacity as General Partner and Junior-Tranche Limited Partner, by CIB as Senior-Tranche Limited Partner and by CDB Fund as Intermediate-Tranche Limited Partner (the "**Proposed Transaction**").

Important details concerning the Proposed Transaction, in particular the terms of the Investment Partnership, are contained in section 2 of the Circular.

Regulatory Regime

Singapore Listing Manual

Pursuant to Rule 906 of the Singapore Listing Rules, an immediate announcement and shareholders' approval is required in respect of an interested person transaction, namely, a transaction between an entity at risk and its interested persons, if the value of that transaction exceeds five per cent (5%) of the latest audited NTA value.

CDB New Town (Beijing) AM and Sheng Qi IFM, both being wholly-owned subsidiaries of the Company, are each regarded as an “entity at risk” within the meaning of Chapter 9 of the Singapore Listing Rules.

As at the Latest Practicable Date, CDBIH has a direct interest in 5,347,921,071 Shares in the Company, and CDB Capital, being the holding company of CDBIH, has an indirect interest in 5,347,921,071 Shares in the Company, representing 54.32% of the issued share capital of the Company. Accordingly, CDBIH and CDB Capital are Controlling Shareholders of the Company under the Singapore Listing Rules. CDB Fund, being a fund wholly managed by CDB Capital, is an associate of CDB Capital, and is thus regarded as an “interested person” within the meaning of Chapter 9 of the Singapore Listing Rules.

Accordingly, the Proposed Transaction will be regarded as an interested person transaction and the requirements of Chapter 9 of the Singapore Listing Rules are applicable.

Based on the audited consolidated financial statements of the Group as at 31 December 2015, the NTA of the Group is approximately RMB3,884,422,000. Pursuant to Rule 906 of the Singapore Listing Rules, Shareholders’ approval for a transaction is required in the event that the aggregate transaction value exceeds RMB194,221,100, which is five per cent (5%) of the NTA of the Group as at 31 December 2015.

The Group’s aggregate Capital Amount to be contributed in respect of the Proposed Transaction is RMB1,050,000,000, which represents 27.03% of the NTA of the Group as at 31 December 2015. As the value of the Group’s investment in the Proposed Transaction represents more than 5% of the latest audited NTA of the Company, the Company is seeking approval from Shareholders for the Proposed Transaction as a specific interested person transaction at the EGM.

Independent Financial Adviser

In accordance with the abovementioned regulatory aspects, KPMG Corporate Finance Pte Ltd (“**KPMG Corporate Finance**”) has been appointed as the independent financial adviser (“**IFA**”) to advise the Independent Directors as to whether the Proposed Transaction is: (a) on normal commercial terms; and (b) prejudicial to the interests of CNTD and the minority Shareholders.

2 TERMS OF REFERENCE

Our responsibility is to provide an opinion in respect of the Proposed Transaction.

Our opinion is delivered for the use and benefit of the Independent Directors for their deliberations on the Proposed Transaction, before arriving at a decision on the merits or demerits of the Proposed Transaction, and in making any recommendations. We were not involved in any aspect of the negotiations pertaining to the Proposed Transaction, nor were we

involved in the deliberations leading up to the decisions of and recommendations by Independent Directors to proceed with the Proposed Transaction. The decisions of and recommendations made by the Independent Directors shall remain their sole responsibility. The Shareholders may have different investment objectives and considerations and should seek professional advice.

We have not conducted a comprehensive review of the business, operations or financial condition of CNTD. Our terms of reference also do not require us to evaluate or comment on the merits and/or risk, whether strategic, commercial, financial or otherwise, of the Proposed Transaction or on the future prospects of CNTD and as such, we do not express an opinion thereon. Such evaluations or comments remain the sole responsibility of the Independent Directors.

It is also not within our terms of reference to compare the relative merits of the Proposed Transaction to any alternative transactions previously considered by, or that may have been available to CNTD or any alternative transactions that may be available in the future. Such evaluations or comments remain the sole responsibility of the Independent Directors, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion.

In addition, we have not made any independent evaluation or appraisal of the existing or proposed assets or liabilities (including without limitation, real property) of CNTD.

In formulating our opinion, we have held discussions with the board of directors of CNTD (the “**Directors**”) and the management team of CNTD (the “**Management**”). We have considered the information contained in the Circular, publicly available information collated by us as well as information, both written and verbal, provided by CNTD and its professional advisers, which may include solicitors, auditors, tax advisers and valuers. We have not independently verified such information, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of and do not accept any responsibility for the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied on by us. We have nevertheless made reasonable enquiries and used our judgment in assessing such information and have found no reason to doubt the reliability of such information.

We have relied upon the representation of the Directors (including those who may have delegated detailed supervision of the Circular, and the Proposed Transaction) that they have taken all reasonable care to ensure that all information and facts stated in the Circular are fair and accurate and all information and facts in relation to the Proposed Transaction has been disclosed to us, and that no material information and facts have been omitted, the omission of which would render any statement in the Circular, information and facts disclosed to us or our opinion in this letter to be inaccurate, incomplete or misleading in any material respect. The Directors (including those who may have delegated detailed supervision of the Circular and the Proposed Transaction) have jointly and severally accepted responsibility in the “Directors’ Responsibility Statement” of the Circular. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of all such information and facts.

Our opinion is based upon market, economic, industry, monetary and other conditions (where applicable) in effect on, and the information made available to us as at the latest practicable date prior to the printing of the Circular, being 7 April 2016 (the “**Latest Practicable Date**”). Such conditions and information can change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent changes or developments after the Latest Practicable Date even if it may affect our opinion contained herein. Shareholders should take note of any announcements relevant to their consideration of the Proposed Transaction which may be released by CNTD after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Shareholder. As different Shareholders would have different investment objectives and profiles, we would advise the Independent Directors to recommend that any Shareholder who may require specific advice in relation to his investment portfolio(s) consult his or their stockbroker, bank manager, accountant or other professional advisers.

The Independent Directors have been separately advised by their professional advisers in the preparation of the Circular (other than this letter). We have no role or involvement and have not and will not provide any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this letter). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this letter).

Our opinion in relation to the Proposed Transaction should be considered in the context of the entirety of this letter and the Circular.

3 EVALUATION OF THE PROPOSED TRANSACTION

In arriving at our opinion in relation to the Proposed Transaction, we have taken into account the following key factors:

3.1 Rationale for the Proposed Transaction

CNTD has provided the rationale for the Proposed Transaction, the following extracted from section 3.1 of the Circular:

“Rationale for the Proposed Transaction

The Proposed Transaction, if implemented, is in line with the Company’s business in primary land development, and it is expected that the Proposed Transaction will deliver the following significant strategic benefits to the Company:

- (a) As evident from the Company’s projects launched since CDB Capital’s acquisition of the Company’s Shares, a substantial portion of the Company’s future projects are entered into on the terms of receiving fixed investment*

income, and are typically backed by solid credit enhancement measures from government entities in the form of listing the payment arrangements into local fiscal budgets and/or obtaining sufficient collateral headroom. They represent safe investments which support the use of relatively high level of external funding to substantially improve the investment returns to Shareholders, and exhibit the benefits the Company derived from the financing support, relationships with the government, and know-how of CDB Capital and its group;

- (b) Through the establishment of the Investment Partnership, each Partner's risks and returns are determined based on their investments, and no Partner has any recourse to the Group, despite the Group's role as General Partner and Junior-Tranche Limited Partner of the Investment Partnership. In addition, the preferred investment gains attributable to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner as described in Sections 2.6 and 2.7 above are only effective upon actual drawdown and contribution of funding by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner, making this a flexible financing option for the Company in respect of the projects to be undertaken by the Investment Partnership;*
- (c) With an aggregate committed capital of RMB5 billion, the Investment Partnership represents a one-stop financing solution at attractive financing costs for the Group to support its urbanization investment projects for a few years. The Investment Partnership is therefore crucial for the Company in terms of fuelling its project growth, market share expansion, as well as opening up attractive downstream investment opportunities in the expanded new town project portfolio; and*
- (d) Arising from the excellent track record, brand name and industry leadership in nationwide urbanisation investment of CDB Capital, the investment of CDB Fund as an Intermediate-Tranche Limited Partner will serve as a strong backing to the Investment Partnership's and the Group's businesses and investments, thus forming an integral role in the successful establishment of the Investment Partnership."*

3.2 Decision making of the Investment Partnership

There will be two categories of partners under the Investment Partnership, a General Partner and three Limited Partners. The General Partner of the Investment Partnership is Sheng Qi IFM, a newly established wholly-owned subsidiary of CNTD.

CNTD must have completed its full assessment of each target investment project, including project initiation, due diligence and approval by the Company's investment committee before such target investment project will be recommended to the investment management office of the Investment Partnership, an office dedicated to the Investment Partnership's investment deployment and exit executions and all the three members of which will be appointed by the General Partner, for its final approval and decision making.

With the abovementioned structure, CNTD has discretion over which target investment projects are recommended to the investment management office of the Investment Partnership, as well as the composition of the investment management office of the Investment Partnership. In accordance with this, CNTD is able to recommend only those investment projects that it considers will:

- (a) result in a return of equity to the Group, through the proceeds and capital sums distributed to CDB New Town (Beijing) AM and Sheng Qi IFM; and
- (b) be commensurate with the risks undertaken by by CDB New Town (Beijing) AM and Sheng Qi IFM.

We note that the prescribed decision making processes of the Investment Partnership allows CNTD to pursue only those investment projects that it considers beneficial.

3.3 Financial entitlements of the Partners

Under the terms of the Limited Partnership Agreement, the Investment Partnership will be established with the Capital Amounts to be contributed, and at the times, by each of Partners as follows:

Name of Partner (Tranche)	Capital Amounts (RMB'000) ("Capital Amounts")	Committed Capital Ratio to the Investment		Time for Contribution of Capital Amounts
		Partnership ("Committed Capital Ratio") (%)		
Sheng Qi Investment Fund Management Company Limited (General Partner)	1,000	0.02		For the General Partner, payable in full upon constitution of the Investment Partnership
CIB Wealth Management Co., Ltd. (Senior-Tranche)	3,750,000	75		For all the Limited Partners, upon issue of a drawdown
CDB Jingcheng (Beijing) Investment Fund Company Limited (Intermediate-Tranche)	200,000	4		notice and within the period specified in the drawdown notice, which will be not less than 12 Working Days.
CDB New Town (Beijing) Asset Management Co. Ltd. (Junior-Tranche)	1,049,000	20.98		
Total	5,000,000	100		

During the entire investment period, the proceeds and capital sum from the Capital Amounts contributed shall be distributed to the Partners within five (5) Working Days of duly receiving such proceeds. When distributed on a distribution date, such proceeds shall be distributed in the following manner:

- Such proceeds and capital sums shall first be preferentially distributed to the Senior-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Senior-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: i) the actual Capital Amounts paid up by the Senior-Tranche Limited Partner for such investment; and ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement;
- Next, the remainder, if any, shall be preferentially distributed to the Intermediate-Tranche Limited Partner until the relevant preferential investment gains and capital sums the Intermediate-Tranche Limited Partner is entitled to, for the respective cases of investment proceeds distributions and capital sum distributions, are satisfied. Such amounts are calculated based on: i) the actual Capital Amounts paid up by the Intermediate-Tranche Limited Partner for such investment; and ii) the preferential investment gains formula stipulated in the Limited Partnership Agreement; and
- Lastly, the remaining amounts shall be divided among the Junior-Tranche Limited Partner and the General Partner in proportion to the actual Capital Amounts paid up by each of them for such investment.

In the event that the amounts distributed on any distribution date for fixed-income investments or pure equity type investments (as the case may be) is insufficient to satisfy the preferential investment gains and capital attributable to the Senior-Tranche Limited Partner, the amounts distributable on the next distribution date for fixed-income investments or pure equity type investments (as the case may be) shall first be used to satisfy any such shortfall in payment to the Senior-Tranche Limited Partner on previous distribution dates.

The preferential investment gains of each tranche of Limited Partners is as follows:

Senior-Tranche Limited Partner: Relevant PBOC benchmark rate for loans of tenor over five years (currently 4.90% per annum), such benchmark rate to be determined on the actual funding date, plus 1.65% per annum.

Intermediate-Tranche Limited Partner: Fixed rate of 11.6% per annum.

Junior-Tranche Limited Partner and the General Partner: Junior-Tranche Limited Partners and the General Partner are not entitled to preferential investment gains but shall enjoy the profit sharing of the Investment Partnership.

We have reviewed the preferential investment gains enjoyed by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner, and note as follows:

- We attempted to reference the preferential investment gains enjoyed by the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner to other investment partnerships, however, note that there were no known databases and limited information sources available for reference.
- Given the above, and on the basis of the obligations and entitlements of the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner being similar to those of a senior lender and mezzanine lender respectively, we have sought to ascertain and compare the blended rate payable to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner under the Investment Partnership against the effective borrowing rates of companies that are broadly comparable with CNTD (“**Broadly Comparable Borrowing Rates**”).

Our findings are included in the table beneath:

Company	Description	Broadly Comparable Borrowing Rates
Jingrui Holdings Limited	Jingrui Holdings Limited develops residential and commercial real estate properties in the People’s Republic of China. It also invests in residential and commercial properties, provides property management and security services, and urban infrastructure development services.	9.69%
Modern Land (China) Co., Ltd.	Modern Land (China) Co., Limited primarily engages in real estate development, property investment, and hotel operation activities in the People’s Republic of China. Its projects include mix-use community complexes consisting of residential units, retail shops, as well as other recreational facilities. The company is a subsidiary of Super Land Holdings Limited.	10.82%
China Aoyuan Property Group Limited	China Aoyuan Property Group Limited develops and invests in residential and commercial properties in Guangdong, Shenyang, Chongqing, Liaoning, Hunan, Guangxi, and Jiangxi in the People’s Republic of China. It also leases properties, operates hotels, and provides real estate consultancy and management services.	10.03%

Company	Description	Broadly Comparable Borrowing Rates
China SCE Property Holdings Limited	China SCE Property Holdings Limited develops, invests in, and manages mix-use residential and commercial properties in the People's Republic of China. It is also involved in tourism related property development projects. The company operates as a subsidiary of Newup Holdings Limited.	8.38%
Investment Partnership		Low 8.38% Median 9.86% High 10.82% 6.81%

Source: Bloomberg, S&P Capital IQ, company circulars, KPMG analysis

We observe that the blended rate of debt payable to the Senior-Tranche Limited Partner and the Intermediate-Tranche Limited Partner under the Investment Partnership is lower than the Broadly Comparable Borrowing Rates.

We wish to highlight that the list of Broadly Comparable Borrowing Rates are by no means exhaustive and there may not be any company or borrowing arrangement that is directly comparable to CNTD or the Investment Partnership. As such, any comparison made with respect to the Broadly Comparable Borrowing Rates is intended to serve as an illustrative guide only.

In addition to the above, we note that the Company had on 16 June 2015 announced that CDB New Town (Beijing) AM has entered into a limited partnership agreement in relation to the setting up of another investment partnership, CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund, the terms of which are largely similar to that of the Investment Partnership. We note that the preferential investment gains enjoyed by the senior-tranche limited partner and intermediate-tranche limited partner in the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund were as follows:

- senior-tranche limited partner: Relevant PBOC benchmark rate for loans of tenor over 5 years, such relevant PBOC benchmark rate to be determined on the actual funding date, plus 1.60%.
- intermediate-tranche limited partner: Fixed rate of 12% per annum.

We note that the rates for the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund are similar to those payable to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner under the Investment Partnership.

3.4 Investment focus

As stated in section 2.4 of the Circular, not less than 90% of the aggregate Capital Amounts of the Investment Partnership will be invested in fixed-income investments (in the form of (i) debt instruments (such as bonds or notes) or (ii) mezzanine type investments (such as an equity investment into a project joint venture with clearly defined annual investment return and arrangements to exit the full amount of original investment at the end of an agreed horizon)), and should satisfy, *inter alia*, the following key requirements:

- The project issuing such investments should have satisfied all legal requirements and obtained all consents and approvals;
- There will be no rating requirements, and investments can be made as long as the projects satisfy the requirements under the Investment Partnership Agreement;
- The gearing of the issuer of such investments will be evaluated in accordance with the criteria set out in the Investment Partnership Agreement;
- The investments should provide guarantees and collaterals sufficient to cover the Capital Amounts invested, such investments preferably secured by a first fixed charge;
- Investments repayable by government funds should have satisfied the relevant regulations of the Budget Law of the PRC and the Opinion of the State Council of the PRC on increasing governance over the administration of local government bonds; and
- For investments relating to real estate projects, following the investments, the Investment Partnership shall continue to monitor the procurement of the relevant certificates and the repayment risks.

The remaining Capital Amounts, subject to an upper limit of 10% of the aggregate Capital Amounts and consent by Senior-Tranche Limited Partner, can be invested in pure equity type investments. Pursuant to the Limited Partnership Agreement, “equity investment” refers to investment in equity of project companies without repurchasing or sales and purchase undertaking from the counterparty, or any form of guarantee or backstop arrangements towards investment returns.

The investment focus will be primarily on projects located in national economic zones, namely, the “Beijing-Tianjin-Hebei Zone”, the Yangtze River Delta, the Pearl River Delta, leading economic zones centered around provincial capital cities, and cities and counties with top rankings of GDP and fiscal position by the National Statistics Bureau and/or similar authorities. Where a project’s counterparty involves a government entity, then such government shall have debt servicing cash flow coverage of over 100%.

The investment focus will be on securities issued by government, government linked companies and commercial companies engaged in the following areas:

- old town reformation and shanty town reformation, primary land development;
- the provision of municipal facilities with exclusive rights in the operation or management of water, waste treatment, alternative energies and public utilities resources or services; and
- secondary land development.

We note that the investment into fixed-income investments or mezzanine type investments is in line with other projects that the Company has launched since CDB Capital's acquisition of the Company's Shares. In particular, we would note entry into the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund, which has the following characteristics:

- The CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund has four partners: (i) CDB Investment Development Fund Management (Beijing) Co. Ltd as the general partner; (ii) Bank of Communications Schroder Asset Management Co. Ltd as the senior-tranche limited partner; (iii) CDB Development as the intermediate-tranche limited partner; and (iv) CDB New Town (Beijing) Asset Management Co., Ltd as the junior-tranche limited partner.
- The preferential investment gains enjoyed by the senior-tranche limited partner and intermediate-tranche limited partner in the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund are as follows:
 - senior-tranche limited partner: Relevant PBOC benchmark rate for loans of tenor over 5 years, such relevant PBOC benchmark rate to be determined on the actual funding date, plus 1.60%.
 - intermediate-tranche limited partner: Fixed rate of 12% per annum.

The junior-tranche limited partner and the general partner of the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund are not entitled to preferential investment gains but enjoy profit sharing.

- The CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund's primary focus is on old town reformation, shanty town reformation, primary land development and integrated land and property development; it also explores investments in municipal facilities with exclusivity rights, such as water, waste treatment, alternative energies and public utilities.

The CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund's primary focus is on fixed-income investments (pure debt or mezzanine type investments), the security and safe exit of which shall be enhanced by commensurate collaterals or guarantees by qualified counterparties. Such investments shall amount to no less than 80% of the partnership's total investments. In addition, pure equity investments and subscriptions of shares in listed companies are each capped at 10% of the partnership's total investments, and are all subject to the consent by the senior-tranche limited partner.

In addition to the above, we note that the investment focus of the Investment Partnership is in accordance with the Company's business in primary land development.

3.5 Liability as the General Partner

The Company's subsidiary, Sheng Qi IFM, is the General Partner of the Investment Partnership. While legally, the General Partner has unlimited liability, we note the assertion of the Company that the liability of the General Partner will be limited in reality and the risks to the Company will be contained, for the following reasons:

- (a) The intention is for the Investment Partnership to utilise the Capital Amounts actually contributed in undertaking investment projects, and Partners do not intend for the Investment Partnership to incur additional borrowings to fund the investment projects. Accordingly, the risks the General Partner will be exposed to will not exceed the amount of Capital Amount actually contributed by the General Partner; and
- (b) Sheng Qi IFM was recently incorporated by the Company as a special purpose vehicle, specifically for the purpose of acting as the general partner of the Investment Partnership. As at the Latest Practicable Date, Sheng Qi IFM does not have any material assets and liabilities. In the event that as general partner of the Investment Partnership, Sheng Qi IFM is called upon to assume any liabilities of the Investment Partnership that is over and above the Capital Amounts actually contributed by Sheng Qi IFM, the Group intends to wind up Sheng Qi IFM. Accordingly, any liabilities assumed by Sheng Qi IFM will not impact the Group.

We understand that the assertion of the Company has been made having regard to legal advice. Additionally, we note that as CNTD is the managing party for target investment projects, it has an opportunity to consider the exposure of risk prior to recommending an opportunity to the Investment Partnership for its approval.

3.6 No management fee for the General Partner

There is no management fee payable to the General Partner. However, expenses incurred by the General Partner in the administration and management of the Investment Partnership will be borne by the Investment Partnership.

Whilst ideally the General Partner would receive a management fee, we note that the Investment Partnership is a quasi-borrowing structure, with CNTD as the ultimate borrower. We note that in an ordinary commercial arrangement between a borrower and lender, no management fee would be payable to a borrower. On this basis, we consider the absence of a management fee for the General Partner to be acceptable.

3.7 Investment activities outside investment scope

We note that, with the unanimous consent of all parties, the Investment Partnership can engage in investment activities outside the agreed scope. We understand from the Management of CNTD that this flexibility has been incorporated into the arrangement so as to potentially permit investments that do not fit exactly into the agreed scope. We understand from the Management of CNTD that such investment activities are unlikely, and note that they would require the consent of all parties.

3.8 Financial effects of the Proposed Transaction

The Company has provided a summary of the pro forma financial effects for the Proposed Transaction. The following information is extracted from section 6 of the Circular:

“The financial effects of the Proposed Transaction by the Group set out below are purely for illustrative purposes only and do not reflect the future financial position of the Company or the Group after the completion of the Proposed Transaction.

The financial effects have been prepared on a proforma basis using the latest audited consolidated financial statements of the Group for FY2015⁽¹⁾.

Note:

- (1) The audited consolidated financial statements of the Group for FY2015 will be adopted by Shareholders at the annual general meeting to be held at 2:00 p.m. on 29 April 2016.

Effect of Proposed Transaction on NTA per Share

Assuming that the Proposed Transaction had been completed on 31 December 2015 and the Group’s latest audited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group’s NTA per Share as presented in the following table:

As at 31 December 2015	Before Proposed Transaction	After Proposed Transaction
NTA (RMB’000)	3,884,422	3,884,422 ⁽¹⁾
Number of Shares (’000)	9,846,120	9,846,120
NTA per Share (RMB)	0.3945	0.3945

Note:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the NTA per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the NTA of the Group.

Effect of Proposed Transaction on earnings per Share

Assuming that the Proposed Transaction had been completed on 1 January 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have had the following effects on the Group's earnings per Share as presented in the following table:

As at 31 December 2015	Before Proposed Transaction	After Proposed Transaction
Profit for the year attributable to ordinary equity holder of the parent (RMB'000)	65,141	65,141 ⁽¹⁾
Weighted average number of Shares ('000)	9,846,120	9,846,120
Earnings (loss) per Share (RMB cents)	0.66	0.66

Note:

- (1) As the Proposed Transaction involves the establishment of a new Investment Partnership instead of an acquisition of the existing business, the earnings per Share is calculated based on the assumption that the Proposed Transaction has not had any impact on the profits of the Group.

Effect of Proposed Transaction on Group's Gearing

Assuming that the Proposed Transaction has taken place on 31 December 2015 and the Group's latest audited consolidated financial statements for FY2015, the Proposed Transaction would have the following effects on the Group's gearing as presented in the following table:

As at 31 December 2015	Before the Proposed Transaction	After the Proposed Transaction
Gearing (times)	0.09	0.09

Effect of Proposed Transaction on Company's Share Capital

The Proposed Transaction will have no effect on the Company's share capital."

4 OUR OPINION

In arriving at our opinion in respect of the Proposed Transaction, we have reviewed and examined all factors which we consider to be pertinent in our assessment, including the following key considerations:

Rationale for Proposed Transaction

We have reviewed the rationale for the Proposed Transaction and are of the view that it is being pursued on a reasonable basis.

Decision making of the Investment Partnership

We note that the prescribed decision making processes of the Investment Partnership allows CNTD to pursue only those investment projects that it considers beneficial.

Financial entitlements of the Partners

We note that the blended rate payable to the Senior-Tranche Limited Partner and Intermediate-Tranche Limited Partner under the Investment Partnership is lower than the Broadly Comparable Borrowing Rates. Furthermore, the rates applicable for the Investment Partnership are comparable with those agreed in the CDB (Beijing)-BOCOMM New-Type Urbanisation Development Fund.

Investment focus

We note that the investment into fixed-income investments or mezzanine type investments is in line with other projects that the Company has launched since CDB Capital's acquisition of the Company's Shares. The sector focus areas are also in accordance with the Company's business in primary land development.

Liability of General Partner

We note the assertion of the Company, which we understand is based on legal advice, that the liability of the General Partner will be limited in reality and the risks to the Company will be contained.

After carefully considering the information available to us as at the Latest Practicable Date, and based upon the monetary, industry, market, economic and other relevant conditions subsisting on the Latest Practicable Date, we are of the opinion that, in accordance with the Singapore Listing Manual, the Proposed Transaction is on normal commercial terms and is not prejudicial to CNTD and its minority Shareholders.

This opinion is addressed to the Independent Directors for their use and benefit, in connection with and for the purpose of their consideration of the Proposed Transaction.

The recommendations to be made by the abovementioned parties to the Shareholders shall remain their responsibility. A copy of this letter may be reproduced in the Circular.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Your faithfully
for and on behalf of
KPMG Corporate Finance Pte Ltd

Vishal Sharma
Executive Director

Jeremy Bogue
Director

1. WORKING CAPITAL STATEMENT

Taking into account the financial resources available to the Group, including the internally generated funds and the available facilities from banks, the Directors are of the opinion that the Group will, following the completion of the transactions contemplated under the Limited Partnership Agreement and in the absence of unforeseeable circumstances have sufficient working capital for its present requirements, for at least the next 12 months from the date of this Circular.

2. INDEBTEDNESS OF THE GROUP**Indebtedness from continuing operations:**

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group had total debt (other than those classified as held for sale) amounting to approximately RMB1,965 million, details of which are as follows:

	<u>As of</u> <u>29 February</u> <u>2016</u>
<i>RMB'000s</i>	
Non-current debt	
Senior guaranteed notes	1,291,099
Interest-bearing bank and other borrowings	<u>309,030</u>
Total non-current debt	1,600,129
Current debt	
Interest-bearing bank and other borrowings	<u>365,000</u>
Total current debt	365,000
Total debt	<u><u>1,965,129</u></u>

As at 29 February 2016, bank borrowings of RMB200 million were secured by pledge of the Group's bank deposits, whose net carrying amounts at 29 February 2016 were RMB206,186 thousand. Bank borrowings of RMB324,030 thousand were guaranteed by a related party, CDB Capital.

Indebtedness from discontinued operations:

As at the close of business on 29 February 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Circular, the Group also had debt which are classified as held for sale as follows.

The total debt classified as held for sale is estimated to be settled through sale of Disposal Assets, rather than through daily operating.

	<u>As of</u>
	<u>29 February</u>
<i>RMB'000s</i>	<u>2016</u>
Non-current debt	
Interest-bearing bank and other borrowings	703,619
Total non-current debt	703,619
Current debt	
Interest-bearing bank and other borrowings	487,929
Total current debt	487,929
Total debt	<u>1,191,548</u>

As at 29 February 2016, bank borrowings of RMB501,670 thousand were pledged by the Group's certain properties, which were classified as assets held for sale, including completed investment properties, properties under development for sale as well as prepaid land lease payments. Among which, a loan of RMB79,570 thousand was also guaranteed by Mr. Shi Jian besides collateral, and loans of RMB422,100 thousand was also guaranteed by SRE besides collateral.

Bank borrowings of RMB25,000 thousand were pledged by real estate of Shanghai Anderson Fuxing Land Co., Ltd.

Bank borrowings of RMB380,000 thousand was guaranteed by several companies and individuals, who are SGLD, SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd.

Bank borrowings of RMB284,878 thousand was guaranteed by several companies and individuals, who are SGLD, Shanghai Lake Malaren Commercial Management Co., Ltd., SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd.,

As at 29 February 2016, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to the certain purchasers of the Group's properties, which were classified as held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end when the purchasers pledge related property certificates as securities to the banks for the mortgage loans granted by the banks. The Group entered into guarantee contracts of principal amounts totalling approximately RMB296 million as at 29 February 2016.

3. FINANCIAL AND TRADING PROSPECT

Introduction to the Group's principal business

The Group is the sole listed and operational platform of CDB and CDB Capital in urbanization and township development business in China. It is principally engaged in the urban master planning, investment and land development of urbanization projects in the major cities of China. Through joint venture partnerships with local government entities, it turns bare land into valuable land resources. As a project manager, it typically participates in a wide array of activities including master planning, project financing, relocating and resettling incumbent residents and businesses, preparing and clearing the land, setting up town infrastructure and public facilities, eventually selling the land parcels upon substantial value appreciation. More recently, the Company also extended its business model to an investment-driven approach whereby it invests into an urbanization project joint venture and enjoys a well defined return on its investment from the joint venture partner.

The business prospect of China's urbanization

Urbanization has been recognized by the Chinese leaders as a crucial and sustainable engine to fuel the country's internal consumption driven growth and economic reform. In recent years, the PRC government issued a number of policy documents with a view to facilitate the process of new-type urbanization in China. For example, the *National New-type Urbanization Plan (2014-2020)* (《國家新型城鎮化規劃(2014 – 2020年)》), promulgated in March 2014, clearly defines the urbanization rates to be achieved on 2020 while the *Opinion of the State Council on Further Promoting the Reform of Household Registration System* (《國務院關於進一步推進戶籍制度改革的意見》), promulgated in July 2014, aims at breaking the restriction of the household registration system on urbanization and creating the conditions for agricultural populations to relocate and settle in urban areas. These policy tailwinds are expected to boost the development of the whole new town development industry and to

increase the demand for quality new town developers who are able to plan for long-term value, execute and integrate various components needed for urban residents, for example, the ability to create employment opportunities and to build municipal facilities and other facilities such as schools and hospitals. This requires a large upfront investment and specialized operations, and the ability to coordinate a number of strategic partners in all the related business chains.

With the Group's Controlling shareholder's background as China's leading policy bank focused on supporting urbanization and the Group's execution capability and track record, the Group believes that it stands to benefit from government policies in favour of new-type urbanization and the tremendous business opportunities as a result.

Recent developments and near-term strategies and prospect

The Company is dedicated to taking advantage of its parent companies' influential background and strategic resources as well as improving its business and financial performance. So far the Company has achieved considerable progress in terms of the below strategies and will remain fully focused on creating sustainable value for shareholders through:

New business model securing stable income stream from primary land development

The Group shifted towards a distinctive fixed investment income model, which encompasses a visible return profile, a shorter cash cycle, tighter control over investment scope and clear exit timing. The Group expects to secure reasonable returns within a relatively short period of investment and to receive more stable cash flow, which is crucial to the Group's financial performance in times of property market turbulence. As discussed in the rationale and benefits of the Proposed Transaction section, the shift towards fixed investment return model and a steady project portfolio expansion supports and creates the need for a systematic financing structure to enhance the return on investment for Shareholders.

The characteristic of visible return profile under the new business model, together with a strengthened core asset portfolio laid foundation for the Company's financial turnaround for full year 2015 and profit pipeline for coming years.

Restructuring assets portfolio and improving asset mix to recover cash value from non-core and/or non-performing assets and re-deploy to new investments

The Group continuously adjusts its asset allocation with a focus on disposing of or restructuring its non-core assets and assets exposed to regions of uncertain prospects, and recovering cash value from these projects and redeploying its managerial efforts and financial resources to its more stable and sustainable new business model.

Maintaining reliable and diversified financing channels to support future growth

The Group plans to use the excellent financing capabilities of CDB to accelerate its project acquisition and development plans. Furthermore, as CDB has the same credit rating as the PRC's sovereign rating, the Group expects to benefit from CDB's strong

credit background, which in turn enhances its own credit and reduces its funding costs. Furthermore, as previously discussed in the section entitled “Rationale and benefits of the Transaction”, the proposed establishment of the Investment Partnership is a one-stop solution at attractive financing cost to secure funding to fuel the Company’s growth in the core business of urbanization investment.

Leveraging on CDB group’s strong support and strategic resources and explore value accretive aspects of land development

In addition, the Company is able to open up lucrative downstream business opportunities in quality locations strategically through the land development platforms. In the near future, the Group intends to proactively explore downstream business along the entire value chain of comprehensive new town development so as to provide sustainable profit growth engine for the Group. The existing project portfolio of CDB Capital of around 50 urbanization projects around China and its strategic ties with world class business partners in different parts of the urbanization value chain is crucial for the Company to execute this strategy.

In summary, leveraging on the tremendous support, the strategic resources and business network of CDB, the Group will continue to proactively expand its financing channels and project pipelines. The Directors are of the view that the entering into of the Limited Partnership Agreement and the Proposed Transaction will provide the Group with a one-stop financing solution at attractive financing costs to support its urbanization investment project pipeline, which is in the interests of the Company and the Shareholders as a whole.

4. FINANCIAL INFORMATION OF THE GROUP FOR THE LAST THREE FINANCIAL YEARS

Please refer to the annual reports of the Company for the years ended 31 December 2013, 2014 and 2015 for information in relation to the last three financial years, all of which can be obtained at the website of the Stock Exchange at <http://www.hkexnews.hk>.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Director's interests and short positions in the securities of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules, were as follows:

Long position in the Shares

Name of Director	Nature of interests	Number of Shares/underlying Shares held	Approximate percentage of issued share capital
Li Yao Min	Personal	8,352,672	0.085%
Henry Tan Song Kok	Personal	600,000	0.006%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests and short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Hong Kong Listing Rules.

(b) Director's interests in assets, contracts or arrangement of the Group

There was no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date of which any Director is materially interested and which is significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors or proposed Directors had, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to, or which are proposed to be acquired, disposed of by or leased to, any member of the Group since 31 December 2015, the date of which the latest published and audited consolidated financial statements of the Company were made up.

(c) Service contract

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

(d) Other disclosures under the SFO

As at the Latest Practicable Date, Mr. Fan Haibin, the chairman of the Board, is the President of CDB Capital. Mr. Zuo Kun, the vice-chairman of the Board, is the vice president of CDB Capital. Mr. Xie Zhen, the non-executive director of the Company, is the general manager of international business division of CDB Capital.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. LITIGATION

As at the Latest Practicable Date, to the best knowledge of the Directors, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

4. MATERIAL CONTRACTS

Within the two (2) years immediately preceding the date of this Circular, the following agreements, being contracts not entered into in the ordinary course of business, have been entered into by members of the Group and is or may be material:

- (a) the Limited Partnership Agreement;
- (b) a debt financing agreement dated 30 December 2015 entered into between CDB New Town (Beijing) AM, a wholly-owned subsidiary of the Company and Henan Renxin Properties Company Limited, pursuant to which CDB New Town (Beijing) AM agreed to provide debt financing in the amount of RMB180,000,000 to Henan Renxin Properties Company Limited to support the development of Zhengzhou Heizhuzhuang Urban Village Reconstruction Project;
- (c) an investment agreement dated 18 December 2015 entered into between Danyang Investment Group Company Limited and Danyang Chengtai Development Company Limited, pursuant to which China New Town Holding Company Limited and CDB New Town (Beijing) AM, both being subsidiaries of the Company, contributed the aggregate amount of RMB200,000,000 to the registered capital of Tiansheng Water Conservancy to support the development and operation of Danyang Ximeng River's extension and expansion project;
- (d) a cooperative agreement dated 1 December 2015 entered into between CDB New Town (Beijing) AM, Chengdu Felsted Agricultural Development Company Limited and CDB Longquanyi Company Limited, pursuant to which, CDB New Town (Beijing) AM contributed RMB22,155,700 to the establishment of CDB (Beijing) Agriculture Company Limited;
- (e) a limited partnership agreement dated 16 June 2015 entered into by CDB New Town (Beijing) AM for the establishment of an investment partnership, pursuant to which CDB New Town (Beijing) AM contributed RMB150,000,000 to such partnership;
- (f) an agreement dated 2 December 2014 entered into between China New Town Development (Wuxi) Company Limited, a wholly-owned subsidiary of the Company, and Wuxi Municipal New Town Development Group Limited, pursuant to which, the Group agreed to sell the Wuxi Project Group (as defined in the announcement of the Company dated 3 December 2014) to Wuxi Municipal New Town Development Group Limited at a consideration of RMB1,133,905,524; and
- (g) an agreement dated 3 November 2014 entered into by between the Company and The People's Government of Nanjing Yuhuatia District Government, Yuhutai District State-Owned Asset Operations and China Development Bank Capital Corporation Limited, pursuant to which the Company agreed to contribute the capital of RMB490,000,000 to Nanjing CDB Yuhua Urban Re-development Company Limited.

5. COMPETING INTERESTS OF DIRECTORS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective associates had interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there were no material adverse changes in the financial or trading positions of the Company since 31 December 2015, the date to which the latest published audited financial statements of the Company were made up.

7. EXPERT'S CONSENT AND QUALIFICATIONS

The following is the name and the qualifications of the professional adviser who has given opinion or advice which is contained or referred to in this Circular:

Name	Qualification
RHB Capital Hong Kong Limited	A licensed corporation under the SFO to engage in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
KPMG Corporate Finance Pte Ltd	A corporation licensed under the SFA to advise on corporate finance

As at the Latest Practicable Date, each of RHB Capital Hong Kong Limited and KPMG Corporate Finance Pte Ltd does not have any beneficial interest in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either directly or indirectly, in any assets which have been, since 31 December 2015, being the date to which the latest published audited consolidated accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of RHB Capital Hong Kong Limited and KPMG Corporate Finance Pte Ltd has given and has not withdrawn its written letter of consent to the issue of this Circular with its expert statements dated 14 April 2016 (as set out on pages 40 to 75 of and made for incorporation in this Circular) and name included in the form and context in which they appear.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong, which is situated at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong, for a period of 14 days from the date of this Circular:

- (a) the memorandum and articles of associations of the Company;
- (b) the annual reports of the Company for each of the two financial years ended 31 December 2014 and 2015;
- (c) the written consents referred to under the section headed “Expert’s Consent and Qualifications” in this appendix;
- (d) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (e) the letter from the Hong Kong IFA, the text of which is set out in this Circular; and
- (f) this Circular.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at 2/F, Palm Grove House, P.O. Box 3340, Road Town, Tortola, British Virgin Islands.
- (b) The principal place of business of the Company in Hong Kong is situated at Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong.
- (c) The company secretary of the Company is Chan Sau Ling, who is an associate member of The Hong Kong Institute of Chartered Secretaries.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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.sj

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of China New Town Development Company Ltd (the “**Company**”) will be held at Casuarina Suite B, Level 3, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on 29 April 2016 to be held at 3:30 p.m. (or as soon thereafter following the conclusion or adjournment of the annual general meeting to be held at 2:00 p.m. on the same day and at the same place), for the purpose of considering and, if thought fit, passing, with or without amendments, the following ordinary resolution:

*All capitalised terms in this Notice of Extraordinary General Meeting and defined in the circular dated 14 April 2016 (the “**Circular**”) shall, unless otherwise defined herein, bear the respective meanings ascribed thereto in the Circular.*

ORDINARY RESOLUTION

THE PROPOSED ESTABLISHMENT OF AN INVESTMENT PARTNERSHIP IN THE PEOPLE’S REPUBLIC OF CHINA, WHICH CONSTITUTES:

- AN INTERESTED PERSON TRANSACTION AND MAJOR TRANSACTION
UNDER THE SINGAPORE LISTING RULES
- A MAJOR TRANSACTION AND CONNECTED TRANSACTION UNDER THE
HONG KONG LISTING RULES

That:

- (a) approval be and is hereby given for the proposed establishment of the Investment Partnership and investment by the Company of an aggregate amount of RMB1,050,000,000 into the Investment Partnership, on the terms and subject to the conditions of the Limited Partnership Agreement entered into between the Company and the Partners on 2 March 2016, as well as any other transactions contemplated under the Limited Partnership Agreement; and
- (b) the Directors of the Company and/or any of them be and are hereby authorized to complete and do all such acts and things (including without limitation, to negotiate, sign, execute and deliver all documents, approve any amendments, alterations or modifications to any documents as may be required) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

By Order of the Board
Chan Sau Ling
Company Secretary

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) A member of the Company entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) If a Depositor wishes to appoint a proxy or proxies, then the enclosed Depositor Proxy Form must be completed, signed and deposited at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
- (3) If a Shareholder wishes to appoint a proxy or proxies, then the enclosed Shareholder Proxy Form must be completed, signed and deposited at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #02-00, Singapore 068898 (for Shareholders registered in the Company's British Virgin Islands register), or the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Shareholders registered in the Company's Hong Kong branch register) not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
- (4) Where a member appoints more than one proxy, he/she/it shall specify the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the proxy whose name appears first shall be deemed to represent 100.0% of the shareholding of the member and the proxy whose name appears second shall be deemed to be appointed in the alternate.
- (5) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (6) **PERSONAL DATA PRIVACY** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

As at the date of this announcement, the executive directors of the Company are 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. Xie Zhen; 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.